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UNITED SHOE MACHINERY COMPANY

THE STORY OF ITS SERVICE AND METHODS AS TOLD BY LETTERS FROM THE SHOE MANUFACTURERS OF THE COUNTRY

TOGETHER WITH OTHER INTERESTING MATTER PERTAINING TO SHOE MACHINERY AND THE SHOE MAKING INDUSTRY

BOSTON, MASS.
1912

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UNITED SHOE MACHINERY COMPANY

WHAT ITS CUSTOMERS, THE SHOE MANUFACTURERS OF THE COUNTRY, HAVE TO SAY OF THEIR BUSINESS RELATIONS WITH THE COMPANY, AND OF ITS METHODS AND SERVICE

FOREWORD

IN OCTOBER, 1911, the *Boston News Bureau*, in the ordinary course of news gathering, addressed to each shoe manufacturer in the United States a personal letter inviting responses to fourteen questions with regard to the United Shoe Machinery Company, its service and methods, and the shoe machinery situation in general. The questions were framed to cover the vital points of the shoe machinery situation. The purpose of the inquiry was to ascertain the facts and to publish them as news.

This canvass was absolutely independent. Neither the *Boston News Bureau*, nor the United Shoe Machinery Company, nor any one associated with them, directly or indirectly, made any effort to influence the responses. While they were being received, the *Boston News Bureau* through its columns invited those who had not responded to do so promptly, and any shoe manufacturer who had failed to receive the letter of inquiry was asked to answer from the advertised list of questions. Every manufacturer was assured that his name would not be divulged except with his express permission. Later, the *Boston News Bureau* sent a second letter to all who had not responded.

To the first letter 315 manufacturers replied, and to the second letter 216 more, making a total of 531—nearly one half of all the shoe manufacturing firms in the United States. Considering the labor and inconvenience incident to answering the questions regarding cost, economies and return, this percentage of answers is extraordinary. Of the 531 who responded, 65 stated that they did not care to answer the questions, 47 that they did not use the machines of the United Shoe Machinery Company, and five had gone out of business. This left 414 replies from shoe manufacturers, large and small, scattered all over the United States, a great number of whom have been customers of the United Shoe Machinery Company since its organization.

Question No. 1 was: "How long have you had business relations with the United Shoe Machinery Company?" The average of the answers was about ten years.

The remaining questions and the tabulated replies as published in the *Boston News Bureau,* were as follows:

	% Yes	% No	% Blank	% Doubtful
2. Have your relations with them been satisfactory to you?	91.6	3.1	.3	5.
3. In your opinion, has the United Shoe Machinery Company benefited the manufacturer?	86.2	5.	6.2	2.6
4. If so, are you of opinion that equal benefit could have been had with the shoe machinery business less concentrated?	12.	67.9	15.7	4.3
5. In your opinion has the United Shoe Machinery Company made it possible to lower cost of manufacturing shoes, with consequent saving to consumer?	70.9	12.3	12.5	4.1
6. If so, are you of opinion that equal saving could have been made with the shoe machinery business less concentrated?	13.5	57.1	25.5	3.7
7. Do you agree with President Winslow of the United Shoe Machinery Company that machinery is the only item of cost in manufacture of shoes which is lower today than in 1899, when the United Shoe Machinery Company was formed?	63.6	9.4	26.	1.
8. If so, do you think the United Shoe Machinery Company is responsible?	49.2	9.2	37.8	3.6
9. Do you object to the royalty basis of leasing machines from the United Shoe Machinery Company?	11.6	80.	5.5	2.9
10. Do you think the royalties charged are unreasonable, considering the quality of service rendered?	11.1	76.	8.	4.9
11. If you bought all your machines outright, do you think cost per pair of shoes manufactured would be more than under present conditions?	57.	18.1	15.3	9.6

	% Yes	% No	% Blank	% Doubtful
12. Do you agree with President Winslow that the United Shoe Machinery Company's return on its capital invested is not as large proportionately as the return received by successful manufacturers of shoes?	18.6	20.	56.6	4.6
13. Do you think that the United Shoe Machinery Company has discouraged the invention of new machinery in order that its own machines might not be superseded?	16.9	47.5	30.8	4.6
14. Do you believe that the disintegration of the company would be followed by increased cost of operation, and would therefore mean that the price of shoes at retail would have to be raised?	56.4	16.6	22.4	4.6

Attention is called to the fact that in some cases many writers, for lack of sufficient information on which to base an opinion, made no replies to the question asked. Figuring the percentages on the number who answered each question by "yes" or "no", the results are considerably higher than in the table just given.

Thus, of those who made direct replies,

96.7 per cent are satisfied with their relations with the United Shoe Machinery Company.

94.5 per cent are of the opinion that the Company has benefited the manufacturer.

84.9 per cent are of the opinion that equal benefit would not have resulted with the shoe machinery business less concentrated.

85.2 per cent are of the opinion that the Company has made it possible to lower the cost of manufacture, with consequent saving to the consumer.

80.8 per cent are of the opinion that equal saving could not have been made with the shoe machinery business less concentrated.

87.1 per cent agree with President Winslow that machinery is the only item of cost which is lower today than in 1899.

84.3 per cent think that the United Shoe Machinery Company is responsible.

87.3 per cent do not object to the royalty basis.

87.3 per cent do not think the royalties charged by the Company are unreasonable.

75.9 per cent think the cost per pair of shoes manufactured would be more than under present conditions if they bought their machines outright.

48.1 per cent think that the Company's return on capital invested is not as large proportionately as that received by successful shoe manufacturers.

73.8 per cent think that the Company has not discouraged invention.

77.1 per cent believe the disintegration of the United Shoe Machinery Company would be followed by increased cost of operation and would therefore mean that the price of shoes at retail would have to be raised.

Necessarily, in these many replies of the shoe manufacturers to the same questions there has been some repetition and duplication of statements, and continuous reading of them all might be somewhat monotonous. Scattered through them, however, are many bits of first-hand information and personal experience that tell the facts even more vividly and effectively than figures and statistics can do. Under various specific headings, therefore, in the following pages, the gist, pro and con, of these letters is impartially set forth, and so far as possible in the identical language of the writers. Footnotes are added, giving the names of the manufacturers whose individual letters are the authority for the statements made or from whose letters quotations are used. Further, for the convenience and information of those who may desire to see the full text from which these summaries and condensations have been made, all the letters from the shoe manufacturers are collected and reprinted on succeeding pages as they originally appeared in the *Boston News Bureau.*

In September, 1911, President Sidney W. Winslow of the United Shoe Machinery Company gave out a statement to the public, briefly and comprehensively setting forth facts with regard to the shoe machinery question and the course pursued by the United Shoe Machinery Company since its organization in 1899. This statement is reprinted on the pages immediately following, because the full force and importance of the replies of the shoe manufacturers will be more clearly understood and appreciated after reading what President Winslow said.

WHAT UNITED SHOE MACHINERY DOES

PRESIDENT SIDNEY W. WINSLOW'S STATEMENT TO THE PUBLIC

I FEEL that the public should be made acquainted with the following facts:—

1. The item of machinery is the only item of cost in the manufacture of shoes which is lower today than in 1899, when the United Shoe Machinery Company was formed.

2. The Company has lowered many of its charges and has never increased royalty charges or charges for materials furnished manufacturers. The initial cost of the machinery equipment of a shoe factory is lower today than ever before.

3. The average royalty paid by a shoe manufacturer for the use of all machines furnished by the Company in the manufacture of all types and grades of shoes is less than $2\frac{2}{3}$ cents per pair of shoes. This includes the Goodyear welt shoe, on which the highest royalty paid on the most expensive shoe is less than $5\frac{1}{4}$ cents per pair.

4. Goodyear welt shoes constitute less than one-third of the total annual production of the United States. On 164,000,000 pairs of shoes out of the total annual production, including Goodyear turn shoes, McKay shoes, Standard screw and loose-nailed shoes, the amount of royalty received will average less than $1\frac{1}{3}$ cents per pair, and this is all the Company receives for the manufacture, installation, use, care and service in keeping the machines in running order, and for instruction of operatives.

5. The Company now makes over 300 different machines, some of which are leased to manufacturers, many of which are sold outright, and most of which can be either leased or purchased as the shoe manufacturer may prefer.

6. The United Shoe Machinery Company has many millions invested in machines in shoe factories, and its returns on this investment are not as large, proportionately, as the returns received by the successful shoe manufacturers on their investment.

7. Of the 7,106 individual holders of the stock of the corporation, 4,325 are residents of Massachusetts and more than half the stockholders are women.

8. The operators on the Company's machines in shoe factories are much more regularly employed and receive higher wages than under the conditions existing prior to the formation of the Company.

9. The wages paid at our Beverly factory average higher than those paid in any other factory of equal size in Massachusetts. According to the official report by the Massachusetts State Bureau of Statistics, the city of Beverly held first place in Massachusetts in 1908 with an average annual wage of $640.17. The average of the Beverly factory exceeds that of the city. The weekly wage in 1910 averaged $15.75.

10. The provisions for the comfort, safety, health and happiness of the employees at the Beverly factory are not excelled, and perhaps not equalled at any other factory in the world. The secretary of the employers' welfare department of the National Civic Federation, in a letter written June 2, 1911, says of this feature of the management of the Beverly factory:—

"Since our method of inducing employers to better the conditions of their employees is that of proving the value of welfare work by quoting splendid examples, we shall find it particularly valuable to point to the United Shoe Machinery Company for emulation."

11. The Company's business has always been carried on frankly and above board. Our method of doing business has been familiar to all shoe manufacturers, who are our only customers, and from the beginning it has met with their general approval. The nature of our leases has been a matter of public knowledge for years. The leases have been printed in the public press over and over again. The well-known fact that the public are not familiar with the technical details has given certain critics of the Company an opportunity to misrepresent the real facts.

We have given the department of justice every facility for conducting its investigation. Mr. Gregg, representing the department, had a desk in our office for weeks, and we freely turned over to him all our records and all documents relating to our business which he asked for. The company has been advised from the day of its organization by able and high-minded counsel, who have been thoroughly familiar with every page of its history, and in whose judgment its course has not in any way been opposed to the letter or the spirit of the law. We have never believed that we were doing business in violation of the law, and the action of the grand jury has not changed our opinion on that point.

12. The three companies doing business in 1899, by the consolidation of which the United Shoe Machinery Company was formed, were not competing companies. The principal machines which each made did not interfere with the machines made by any other of the three companies. The Goodyear Shoe Machinery Company chiefly made machines for sewing the sole to the upper in welt shoes and various auxiliary machines which helped to perfect the shoe; the Consolidated and McKay Lasting Machine Company made machines for lasting a shoe, an entirely distinct operation; the McKay Shoe Machinery Company made machines for attaching soles and heels by metallic fastenings and furnished material for that purpose. The object of the consolidation was not to destroy competition. The purpose was to reduce the cost of production of the machines, to improve the

quality of service furnished without increasing the cost to the shoe manufacturer, and to give to each manufacturer who might wish it an opportunity to get from a single company under these improved conditions such of these machines as he might need in that department of the factory in which soles and heels are attached to uppers—the machines in what is known as the "bottoming room." It was intended to give to shoe manufacturers a convenience similar to that which a great department store affords its customers, or which a coal dealer offers to those who may prefer to buy coal, wood and coke in a single establishment.

13. The beneficial results of the consolidation and of the Company's methods, both to the shoe manufacturer and the consumer, have been manifest. By leasing machines to all manufacturers, large and small, on the same terms, the Company enables the small manufacturer to have a credit with every leather dealer, previously entirely unknown, to establish himself in business and continue business without tying up a large and perhaps a prohibitive amount of capital in his machinery, conscious that he is under no disadvantage in competing with the large manufacturer who perhaps might feel better able to tie up a portion of his capital in costly machinery, subject to more rapid depreciation than the machinery employed in any other large industry. Competition in the shoe manufacturing industry in consequence is more free than in any other extensive industry. There are over 1200 individual concerns in the United States.

14. Under the royalty system, a shoe manufacturer can start in business with a modest capital, and although shoes are made on a close margin of profit, the capital, being in liquid form, can be turned several times a year, thus giving the manufacturer a substantial profit on the total volume of business, while giving the consumer the benefit of the narrow margin of profit on each pair of shoes. There is no other large industry of which this is true. The manufacturer of textiles, before beginning business, is compelled to install a complete equipment of machinery at a cost which is prohibitive, except to concerns of large capitalization. The industry must, therefore, be concentrated in a comparatively few concerns, while any shoe manufacturer can start business with a nominal investment of capital for machinery. In proportion to the amount of capital invested, the value of the product exceeds that of any other industry.

The watchword of the Company has been efficiency—efficiency in the manufacture of machinery, efficiency in inventing and improving machinery, efficiency in keeping that machinery in the best possible operating condition.

It is and has long been the policy of the Company to maintain at its own expense a large force of skilled mechanics, whose business and duty it is to attend and keep in perfect repair all machines leased to manufacturers of shoes.

The shoe manufacturer cannot practically give his attention to the manufacture or repair of machines. He must center his efforts, skill and energy

on making shoes. For him this Company furnishes, keeps in repair and improves all its machinery leased for making shoes.

It gives practically without charge all the benefits of research, study and invention in the art of shoe machinery.

And for this service it receives on the average less than $2\frac{2}{3}$ cents per pair of shoes. For two thirds of all shoes manufactured in the United States, if all its machines were used in their manufacture, it would receive less than $1\frac{1}{3}$ cents per pair.

The Company has pursued this course because it was good business policy; but we believe that the Company, as at present organized, has been an unqualified benefit to the shoe manufacturers of Massachusetts and the United States, and to the operatives in shoe factories, while the public has been the greatest beneficiary of all.

Boston, September 20, 1911.

WHAT SHOE MANUFACTURERS SAY

I

THE RELATIONS BETWEEN THE UNITED SHOE MACHINERY COMPANY AND THE SHOE MANUFACTURERS HAVE BEEN GENERALLY SATISFACTORY

IN REPLY to the question addressed to the shoe manufacturers asking if their relations with the United Shoe Machinery Company had been satisfactory, 91.6 per cent replied that they had been satisfactory, 3.1 per cent replied that they had not been satisfactory, .3 per cent made no reply, and 5 per cent returned doubtful replies.

The tone of the replies is very cordial. Various firms describe their relations with the United Shoe Machinery Company as "satisfactory[1]," "very satisfactory[2]," "most satisfactory[3]," "entirely satisfactory[4]," "wholly satisfactory[5]," "uniformly satisfactory[6]," "satisfactory in every respect[7]," "absolutely satisfactory[8]," "satisfactory in every way[9]," "pleasant[10]," "most pleasant[11]," "very kind[12]," "none better[13]," "very friendly[14]," "helps the shoe manufacturer very much[15]," and "no fault whatever to find[16]."

One of the oldest concerns in the trade states:[17]

> "In all our dealings with the United Shoe Machinery Company, they have treated us with the utmost fairness; in many cases

[1] Allen-Foster-Willett Co. . . . . Lynn, Mass.
Eagle Shoe Manufacturing Co. . . . . Lynn, Mass.
Eisenhuth Co , T. H. . . . . Williamsport, Pa.
Fargo Shoe Manufacturing Co. . . . . Belding, Mich.
Griffith Shoe Co., Charles D. . . . . Denver, Colo.
Hazard Co., R. P. . . . . Gardiner, Me.
Hillsdale Shoe Co. . . . . Hillsdale, Mich.
Lee, W. H. . . . . Memphis, Tenn.
Meldola & Coon. . . . . Rochester, N. Y.
Pratt Shoe Co. . . . . Natick, Mass.
The Irving Drew Co. . . . . Portsmouth, O.
The Lounsbury & Soule Co. . . . . Stamford, Conn.
Trevett & Berry. . . . . Lynn, Mass.
Wolfe Bros. Shoe Co. . . . . Columbus, O.
[2] Lynn Manufacturer (a). . . . . Lynn, Mass.
Reynolds, Luke W. . . . . Brockton, Mass.
Richards & Brennan Co. . . . . Randolph, Mass.
Southern Manufacturer.

[3] Estabrook-Anderson Shoe Co. . . . . Nashua, N H.
Priesmeyer Shoe Co., A. . . . . Jefferson City, Mo.
[4] Marion Shoe Co. . . . . Marion, Ind.
[5] Royal Shoe Co. . . . . Randolph, Mass.
[6] Spaulding & Bros., A. G. . . . . New York, N. Y.
[7] Columbia Shoe Co. . . . . Sheboygan, Wis.
[8] Joslin Co., A. L. . . . . Oxford, Mass.
[9] Emerson Shoe Co. . . . . Rockland, Mass.
[10] Blum Shoe Manufacturing Co. . . . . Dansville, N. Y.
Manchester Manufacturer. . . . . Manchester, N. H.
Ziegler Bros. . . . . Philadelphia, Pa.
[11] Wood & Co., R. T. . . . . Burlington, N. J.
[12] Holmes Co., F. B. . . . . Chelsea, Mass.
[13] Farmington Shoe Manufacturing Co. Farmington, N. H.
[14] Regal Shoe Co. . . . . Whitman, Mass.
[15] Callahan & Meyers. . . . . Allentown, Pa.
[16] Meldola & Coon. . . . . Rochester, N. Y.
[17] Joslin Co., A. L. . . . . Oxford, Mass.

extending their service far beyond what they were required to do by the terms of their agreement with us."

Conspicuous among the grounds which the shoe manufacturers allege for these expressions of good will is the policy of the United Shoe Machinery Company toward the small shoe manufacturers. Thus a New Hampshire manufacturer writes:[1]

> "As a small manufacturer I will state unconditionally that I have always received the utmost consideration from the United Shoe Machinery Company in every way, not only through its prompt and efficient service and the courtesy of its representatives, but also through many helpful suggestions made voluntarily by the officials of the home office."

Even the manufacturer that notes a "very few exceptions" to the generally satisfactory relations existing between the United Shoe Machinery Company and the shoe industry adds:[2]

> "As for myself, I believe that the United Shoe Machinery Company is the only branch of the shoe industry left that protects the small manufacturer, and that the same element that are trying to dissolve this company are the ones that have caused the change in terms of leather, which is in the favor of the large manufacturer and if they could have succeeded in getting THEIR royalties LOWER than the small manufacturer this never would have been put before the Federal Government. My belief is that the same element are trying their best to get the shoe business as near a trust as possible, and if they should succeed in disintegrating the company the small manufacturers have lost their best friend in the shoe business."

The same friendliness is expressed by a Maine manufacturer:[3]

> "I am frank to say that I consider the United Shoe Machinery Company as being one of my best friends, and it has done as much to make this business the success which it is as any assistance we received outside of our own organization. . . . The principal idea in all of their organization with whom I have come in touch seems to be to co-operate in every way possible with the manfacturer."

A New Hampshire manufacturer writes:[4]

[1] Cloutman, J. F. & Co. . . . . Farmington, N. H.
[2] Reynolds, Luke W. . . . . Brockton, Mass.
[3] Hazzard Co., R. P. . . . . Gardiner, Maine.
[4] Farmington Shoe Manufacturing Co. . . . . Farmington, N. H.

"The United Shoe Machinery Company is the finest, most courteous and obliging company in the world."

A Michigan manufacturer expresses his gratitude briefly:[1]

"We feel it is our duty at all times to speak well of the bridge that has carried us safely over."

[1] Hillsdale Shoe Co. . . . . Hillsdale, Mich.

II

THE UNITED SHOE MACHINERY COMPANY HAS BENEFITED SHOE MANUFACTURERS GENERALLY, ESPECIALLY THE SMALLER FIRMS

IN REPLY to the question addressed to the shoe manufacturers asking if, in their opinion, the United Shoe Machinery Company had benefited the manufacturer, 86.2 per cent replied that the manufacturer had been benefited, 5 per cent replied that the manufacturer had not been benefited, 6.2 per cent made no reply, and 2.6 per cent returned doubtful replies.

Many manufacturers, in more or less general terms, explain how the shoe manufacturing industry, as a whole, has been benefited by the United Shoe Machinery Company. The small manufacturers are especially emphatic on this point, although many large concerns, like the Emerson Shoe Company, express the same opinion.[1]

A well-known Lynn manufacturer writes:[2]

[1] Allen-Foster-Willett Co	Lynn, Mass.
Blum Shoe Manufacturing Co	Dansville, N. Y.
Callahan & Meyers	Allentown, Pa.
Cloutman, J. F. & Co	Farmington, N. H.
Columbia Shoe Co	Sheboygan, Wis.
Eisenhuth Co., T. H	Williamsport, Pa.
Emerson Shoe Co	Rockland, Mass.
Estabrook-Anderson Shoe Co	Nashua, N. H.
Fargo Shoe Manufacturing Co	Belding, Mich.
Farmington Shoe Manufacturing Co	Farmington, N. H.
Green-Wheeler Shoe Co	Fort Dodge, Ia.
Griffith Shoe Co., Charles D	Denver, Colo.
Hillsdale Shoe Co	Hillsdale, Mich.
Joslin Co., A. L	Oxford, Mass.
Leather Merchant.	
Lee, W. H	Memphis, Tenn.
Lynn Manufacturer (a)	Lynn, Mass.
Lynn Manufacturer (b)	Lynn, Mass.
Marion Shoe Co	Marion, Ind.
Neenah Shoe Co	Neenah, Wis.
Pratt Shoe Co	Natick, Mass.
Priesmeyer Shoe Co., A	Jefferson City, Mo.
Reynolds, Bion F	Brockton, Mass.
Richards & Brennan Co	Randolph, Mass.
Spalding, A. G. & Bros	New York, N. Y.
Southern Manufacturer.	
The Lounsbury & Soule Co	Stamford, Conn.
The Royal Shoe Co	Randolph, Mass.
Trevett & Berry	Lynn, Mass.
Williams Shoe Co., Arthur A	Holliston, Mass.
Wolfe Bros. Shoe Co	Columbus, O.
Woodbury, Melville	Lynn, Mass.
[2] Lynn Manufacturer (a)	Lynn, Mass.

"To my mind, the United Shoe Machinery Company has done more to advance the quality of good shoe making in this country, since its organization, than any other factor in the trade. . . . I feel that the more the public knows of the doings of the United Shoe Machinery Company the stronger will their position be."

Similarly, an Ohio manufacturer states:[1]

"The United Shoe Machinery Company has served the manufacturer faithfully and efficiently. . . . There has never been a time in the history of the shoe business when there has been as good service rendered to the manufacturer by any or all machinery companies."

The special benefit which the small concern derives from the United Shoe Machinery Company is repeatedly emphasized. Thus, a leather merchant writes:[2]

"I simply cannot understand how any shoe manufacturer can claim (nor do I believe that 95% of them do) that the United Shoe Machinery Company has been other than a great benefit to, at least, the small and medium-sized manufacturer."

To enumerate here all the particular points in respect to which the United Shoe Machinery Company has benefited the shoe manufacturers would merely anticipate the subjects discussed under succeeding headings. Among those most frequently mentioned, however, are the equal treatment of large and small customers by the United Shoe Machinery Company, the advantage which the royalty system affords in saving the shoe manufacturer from the necessity of tying up his capital in shoe machinery, the opportunity which it affords to young manufacturers and to the smaller manufacturers to devote their entire capital and attention to other branches of their business than machinery, and finally the co-operation that exists between the shoe manufacturing industry and United Shoe Machinery Company, through the Company's custom of maintaining experts to devise new machines, and providing, as part of the royalty system without extra charge, experts who install machines in the factories, explain their use to workmen, and by constant inspection and prompt repair keep these machines in the highest state of efficiency.

As a New Hampshire manufacturer says:[3]

"The company's method of doing business is the highest development of co-operation between two branches of the same business; that is, take the production of shoes as a business, and the building of shoe machinery as a business. And our interests are closer

[2] Wolfe Bros. Shoe Co. . . . . Columbus, O.
[1] Leather Merchant.
[3] Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.

than they are in any other two branches of any other given business. Their method of putting out machines is such that they are not interested in merely placing machines in a man's factory, but are directly interested in his being able to use the machines successfully and in his making a success of his business.

"Under the present method, with one company interested in maintaining the continuity of operation in the factory, the operatives working by the piece are enabled to earn very much better wages because they lose a great deal less time, and the manufacturer can produce more shoes in a given space or given time than would be possible with a business less extensive. This is what the manufacturer sees that he did not have before one concern interested itself in a whole series of machines. Where before, service would be weak in some departments and good in others, now it is good all through, and the product is much larger per machine, and continuity of operation is maintained very much better."

III

HAD THE SHOE MACHINERY BUSINESS BEEN LESS CONCENTRATED THE SHOE MANUFACTURERS WOULD HAVE BENEFITED LESS

IN REPLY to the question addressed to the shoe manufacturers asking if, in their opinion, equal benefit could have been had with the shoe machinery business less concentrated, 12 per cent replied that the benefit would have been equal, 67.9 per cent replied that the benefit would not have been equal, 15.7 per cent made no reply, and 4.3 per cent returned doubtful replies.

The Emerson Shoe Company, one of the largest concerns in the trade, is positive that the shoe manufacturer would have benefited less if the shoe machinery business had been less concentrated:[1]

> "In our opinion, the concentration of the shoe manufacturing business by them has benefited the manufacturer and also lowered the cost of manufacture, with a consequent saving to the consumer. We do not think that equal saving could have been made with the shoe manufacturing business less concentrated."

Some of the manufacturers take pains to set forth their reasons for declaring that equal benefit could not have been had with the shoe machinery business less concentrated. A Pennsylvania manufacturer writes:[2]

> "If the manufacturing of shoe machinery were in many hands, a large number of experimental machines would be built and sold, many of which would be complete failures. As it is, the United Shoe Machinery Company try out thoroughly with a competent force any new idea, and, if practical, put them on the market; thus protecting the shoe manufacturer, and thereby saving them a great deal of time and money."

Similarly an Ohio manufacturer states:[3]

> "With the machinery business in a variety of hands the manufacturers could not have received as good service. We believe that the company has been one of the most important factors in the development of the shoe industry and with business less concentrated costs would certainly have been more. . . .

[1] Emerson Shoe Co. . . . . Rockland, Mass.
[2] Callahan & Meyers, ... Allentown, Pa.
[3] Wolfe Bros. Shoe Co. . . . . Columbus, O.

There has never been a time in the history of the shoe business when there has been as good service rendered to the manufacturer by any or all machinery companies."

To the same effect a Massachusetts manufacturer writes:[1]

"It seems obvious that a comparatively small, independent machinery company, representing one or a few machines, could not provide this service of expert mechanics and parts, to be immediately available in all the shoe cities, which the United Company can do at a nominal cost, by doing it on such a large scale. We also believe that the machinery business in the hands of many independent companies, on the basis of buying the machines outright, would tie up a large portion of the working capital of many manufacturers, impairing their financial credit, and reducing their net earning capacity."

One Massachusetts manufacturer[2] writes in favor of the competition as it was before the organization of the Company, although admitting that young firms are greatly benefited today.

Many of the letters emphasize the special advantage which concentration in the shoe machinery business brings to the small shoe manufacturer. For example, a Michigan manufacturer states:[3]

"In our opinion the shoe manufacturers, particularly the small ones, should appreciate the concentration of the shoe machinery business. They have better service and better machines than they could buy, and with practically no capital invested."

Even the critics of concentration, who deplore the "paternalism" of the system, state that their relations with the United Shoe Machinery Company are satisfactory, that the shoe manufacturers could not have acquired their present efficiency with such slight cost and worry without the concentration of machinery which the Company has effected, and that the general consuming public has not suffered.[4]

Many of the manufacturers draw upon their personal experience for proof of the fact that equal benefit could not have been had with less concentration in the shoe machinery business. A Connecticut manufacturer writes:[5]

"Our experience previous to the formation of the United Shoe Machinery Company would not lead us to believe that an equal saving in manufacturing cost would have been obtained had the shoe machinery business been less concentrated, as it was before 1899."

[1] Hodgdon, F. M. ..... Haverhill, Mass.
[2] Massachusetts Manufacturer.
[3] Fargo Shoe Manufacturing Co. ..... Belding, Mich.
[4] The Irving Drew Co. ..... Portsmouth, Ohio.
[5] The Lounsbury & Soule Co. ..... Stamford, Conn.

A large manufacturer in the South writes:[1]

> "We have found the service and methods of the United Shoe Machinery Company, on the whole, very satisfactory, and we feel sure that we have developed our shoe manufacturing business more successfully and economically under their system than we would have done in dealing with a number of competing machinery companies."

Similarly a Massachusetts manufacturer writes:[2]

> "We have done business with the United Shoe Machinery Company since they were organized, and their service has been very satisfactory. We did business with the independent shoe machinery companies for four years prior to the organization of the United Shoe Machinery Company, and our experience during those four years furnishes positive proof that the United Shoe Machinery Company has given better service to the shoe manufacturers than the independent shoe machinery companies."

A dissenting letter comes from Haverhill, Mass.,[3] but a large number of firms mention benefits which the concentration of the shoe machinery business has conferred upon them and others as manufacturers.[4]

[1] Southern Manufacturer.
[2] Richards & Brennan Co.....Randolph, Mass.
[3] Haverhill Manufacturer.....Haverhill, Mass.
[4] Allen-Foster-Willett Co.....Lynn, Mass.
Callahan & Meyers.....Allentown, Pa.
Columbia Shoe Co.....Sheboygan, Wis.
Emerson Shoe Co.....Rockland, Mass.
Estabrook-Anderson Shoe Co.....Nashua, N. H.
Fargo Shoe Manufacturing Co.....Belding, Mich.
Farmington Shoe Manufacturing Co.....Farmington, N. H.
Green-Wheeler Shoe Co.....Fort Dodge, Ia.
Griffith Shoe Co., Charles D.....Denver, Colo.
Hillsdale Shoe Co.....Hillsdale, Mich.
Hodgdon, F. M.....Haverhill, Mass.
Neenah Shoe Co.....Neenah, Wis.
Pratt Shoe Co.....Natick, Mass.
Priesmeyer Shoe Co., A.....Jefferson City, Mo.
Richards & Brennan Co.....Randolph, Mass.
Spalding, A. G. & Bros.....New York, N. Y.
Southern Manufacturer.
The Irving Drew Co.....Portsmouth, O.
The Lounsbury & Soule Co.....Stamford, Conn.
The Royal Shoe Co.....Randolph, Mass.
Wolfe Bros. Shoe Co.....Columbus, O.

IV

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM OF LEASING MACHINES FOR A ROYALTY RENTAL IS GENERALLY SATISFACTORY TO THE SHOE MANUFACTURERS

IN REPLY to the question addressed to the shoe manufacturers asking if they objected to the royalty basis of leasing machines from the United Shoe Machinery Company, 11.6 per cent replied that they did object, 80 per cent replied that they did not object, 5.5 per cent made no reply, and 2.9 per cent returned doubtful answers.

The working of the United Shoe Machinery Company's system of leasing machines, in contrast to the system of outright sale, is admirably described by a Baltimore manufacturer:[1]

> "In the old days we purchased outright all machinery, which resulted in a heavy drain upon the business to keep up with 'new inventions.' So much so, that frequently we ran along for years, rather than make an expenditure which would render useless an investment we already had. Our repair bills were constant, and the work being done by such machinists as were available, was unsatisfactory. When a bad break came it was not unusual to be compelled to shut down that department several days until an expert could reach us from the 'home office.'
>
> "The bill rendered us by the machine company, attending to such repair work, included, beside the actual time and material put upon the job, railroad fares, hotel bills and the value of the mechanic's time consumed on the entire trip. Added to this the loss of non-production from disabled department.
>
> "The aggregate of machines in use was represented by all ages—modern, semi-modern, old and very old. The average could be safely styled 'old,' since at no time was the equipment in its entirety strictly 'up to date.' In contemplating a sales value, the average was the only basis upon which to reckon a price. Therefore, the advantage of ownership was reduced by the percentage of antiquated machines then in use. So much for the Old Plan.
>
> "Under the United system we have a strictly modern equipment from start to finish. Machines are mostly installed by our preference upon the royalty basis or loan lease, although we have some machines purchased outright.

[1] Dixon-Bartlett Co. . . . . Baltimore, Md.

"The service they render to us is most excellent and satisfactory.

"The company maintains an office here with mechanics available on call, or when necessary they are supplied from their Philadelphia branch office, two hours away, where stock rooms and store houses are maintained.

"Following the re-establishment of our factory after the great Baltimore fire of 1904, the 'United' equipped our plant by a complete installation of their most modern types of new machinery inside of two weeks' time, supplied men for the work in all departments, and continuing them upon the work until the new plant was in full operation and smooth running order, with an initial cost to us of one-half the book value of our old machinery account, a figure representing less than one-quarter of its original cost.

"With our present equipment and figuring by proportion, we are producing 50% more shoes than we ever made in our old plant.

"We are perfectly aware that we are paying for this service, and these rental values are a profitable return to the United Company, but we are also convinced that we pay no more than our competitor, to whom they give the same service, or to whom they lease a similar machine, or sell supplies.

"And since this efficiency of service is at times worth more than money to us, and from the fact that we—with the United Shoe Machinery Company—are today making and selling to our customers (all cost and royalties figured in) more shoes and better shoes for less money than we ever did in the 'old days' we claim the consumer is deriving a material benefit, and we, with our customers, are satisfied."

With greater or less detail, other shoe manufacturers describe the same advantages of the royalty system.[1]

One advantage frequently mentioned is the certainty with which the cost of shoe manufacture may be figured under the royalty system, in contrast with the uncertainty and speculation involved in the obsolescence

[1] Callahan & Meyers ..... Allentown, Pa.
Dixon-Bartlett Co ..... Baltimore, Md.
Farmington Shoe Manufacturing Co ..... Farmington, N. H.
Fargo Shoe Manufacturing Co ..... Belding, Mich.
Hazzard Co., R. P ..... Gardiner, Me.
Heywood Boot & Shoe Co ..... Worcester, Mass.
Hillsdale Shoe Manufacturing Co ..... Hillsdale, Mich.
Hodgdon, F. M ..... Haverhill, Mass.
Neenah Shoe Co ..... Neenah, Wis.
Pratt Shoe Co ..... Natick, Mass.
Richards & Brennan Co ..... Randolph, Mass.
Spalding, A. G. & Bros ..... New York, N. Y.
The Lounsbury & Soule Co ..... Stamford, Conn.
Woodbury, Melville ..... Lynn, Mass.

and likelihood of breakdown in the case of machines purchased outright by the shoe manufacturer. To quote a Wisconsin manufacturer:[1]

> "Now we know what our machinery and royalty costs are, and never until the existence of the United Shoe Machinery Company did the shoe manufacturer of this country know that, or the real value of their machinery account."

Still another advantage constantly referred to is that the royalty system, as practiced by the United Shoe Machinery Company, is absolutely equal in its effect upon small and large manufacturers alike. A Pennsylvania manufacturer writes:[2]

> "The objection raised by a few very large shoe manufacturers that are paying immense sums in royalties is that they must pay the same amount of royalty in each operation that the small shoe manufacturer pays. The writer has never heard even the slightest insinuation or charge against the United Shoe Machinery Company for rebating. This is where the consumer and the small shoe manufacturer alike are protected. This generous principle of helpful one-price royalty treatment of all is part of the success of the company."

As a Michigan manufacturer pithily describes it:[3]

> "So long as all leases are uniform and there are no rebates to large concerns, and the United Shoe Machinery Company does not operate any factories or form a combination with the packers, the shoe manufacturers have no 'holler' coming. The machines and service are all that could be desired and the rates reasonable."

The fundamental equity of the United Shoe Machinery Company's system of equal royalty to rich and poor alike for equal service is conceded even by the large manufacturers, whose service is most extensive and whose royalty payments, therefore, are greatest. The Emerson Shoe Company, for example, states:[4]

> "We naturally object to the royalty basis of leasing machines from the Company, but consider it necessary for them to place their machines on a royalty basis for the best conduct of their business."

A New Hampshire firm[5], far from objecting to the royalty basis, very tersely say, "We like it."

Exceptions are said to prove every rule, and so there are a few manu-

[1] Neenah Shoe Co. . . . . Neenah, Wis.
[2] Callahan & Meyers . . . . . Allentown, Pa.
[3] Fargo Shoe Manufacturing Co. . . . . Belding, Mich.
[4] Emerson Shoe Co. . . . . Rockland, Mass.
[5] Farmington Shoe Manufacturing Co. . . . . Farmington, N. H.

facturers[1] who deplore what they call the "exclusive" feature of some of the United Shoe Machinery Company's leases; but, as appears from the fact that 91.6 per cent state that their relations with the United Shoe Machinery Company have been satisfactory, the overwhelming majority of shoe manufacturers apparently agree with the Massachusetts manufacturer who writes:[2]

> "They have never exacted from us anything unreasonable or unfair on any item of our lease."

[1] Framingham Shoe Co. ..... South Framingham, Mass.
Hoyt Shoe Co., F. M. ..... Manchester, N. H.
Lynn Manufacturer (b) ..... Lynn, Mass.
Massachusetts Manufacturer.
Regal Shoe Co. ..... Whitman, Mass.
Southern Manufacturer.
The Commonwealth Shoe & Leather Co. ..... Boston, Mass.
Wisconsin Manufacturer ..... Wisconsin.
[2] Hodgdon, F. M. ..... Haverhill, Mass.

V

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM OF LEASING MACHINES AFFORDS TO SMALL AND LARGE SHOE MANUFACTURERS ALIKE, WITHOUT FAVOR OR DISCRIMINATION, EQUAL SERVICE FOR AN EQUAL ROYALTY CHARGE

ALTHOUGH this feature of the United Shoe Machinery Company's system was not made the subject of a specific question addressed to the shoe manufacturers, most of them, in their replies to other questions, expressed enthusiastic approval of it.[1]

In one form or another, the same idea is repeatedly expressed in the letters. A Lynn manufacturer writes as follows:[2]

> "One thing, especially, which appeals to us, is that all are treated alike; the large and the small."

Another Lynn manufacturer states:[3]

> "The company uses us all alike, and as long as it does they are a distinct benefit to the trade and consumer both."

A Worcester manufacturer writes:[4]

[1] Ashby Shoe Co. ..... Brockton, Mass.
Brennan Tannery & Shoe Manufacturing Co. ..... Upland, Cal.
Callahan & Meyers ..... Allentown, Pa.
Cloutman, J. F. & Co. ..... Farmington, N. H.
Columbia Shoe Co. ..... Sheboygan, Wis.
Dixon-Bartlett Co. ..... Baltimore, Md.
Emerson Shoe Co. ..... Rockland, Mass.
Fargo Shoe Manufacturing Co. ..... Belding, Mich.
Griffith Shoe Co., Chas. D. ..... Denver, Colo.
Hazzard Co., R. P. ..... Gardiner, Me.
Heywood Boot & Shoe Co. ..... Worcester, Mass.
Hillsdale Shoe Co. ..... Hillsdale, Mich.
Hodgdon, F. M. ..... Haverhill, Mass.
Leather Merchant.
Lee, W. H. ..... Memphis, Tenn.
Lynn Manufacturer (a) ..... Lynn, Mass.
Marion Shoe Co. ..... Marion, Ind.
Massachusetts Manufacturer.
Meldola & Coon ..... Rochester, N. Y.
Murphy Boot & Shoe Co. ..... Natick, Mass.
Reynolds, Bion F. ..... Brockton, Mass.
Reynolds, Luke W. ..... Brockton, Mass.
Richards & Brennan Co. ..... Randolph, Mass.
Spalding, A. G. & Bros. ..... New York, N. Y.
Trevett & Berry ..... Lynn, Mass.
[2] Lynn Manufacturer (b) ..... Lynn, Mass.
[3] Trevett & Berry ..... Lynn, Mass.
[4] Heywood Boot & Shoe Co. ..... Worcester, Mass.

"As far as we can learn, the United Company have treated everybody exactly alike and it is certainly of advantage to be able to figure the exact cost of the machinery charges in advance."

Here, as in many other instances, the manufacturers cite their own personal experience as proof of the equality of treatment which small and large shoe manufacturers receive under the United Shoe Machinery Company's system. A New York manufacturer states:[1]

"We consider that the benefits we receive from the United Shoe Machinery Company have enabled us to compete successfully with the larger manufacturers of shoes."

Another New York manufacturer writes:[2]

"We have no fault whatever to find with them as we consider that we are on par with every one else and have always found their treatment to be of a satisfactory nature, and while at various times we have had little items to complain of they have always been adjusted to our satisfaction."

A Wisconsin manufacturer states:[3]

"We always consider ourselves safe in buying things that we need in our business of the United Shoe Machinery Company, as we positively know that we get the same fair treatment that all our competitors get."

To the same effect a California manufacturer writes:[4]

"When a machine becomes partially obsolete or they get something that is newer and better, they allow us to discard the old and replace this with a new and more up-to-date one so as to put us on the same footing as the larger concerns. . . . So far as the machinery end of the business is concerned, this is equal, for the man with small means, but with ability, has really the same opportunity as the man with millions. He obtains his machinery upon the same basis as his neighbor."

Several manufacturers attribute the growth and prosperity of the smaller shoe manufacturing concerns to this feature of the United Shoe Machinery Company's system. A Massachusetts manufacturer states:[5]

"We are a small company and we can buy five, ten or two thousand pounds of supplies at the same price with same discounts as the manufacturer that would buy double or three times that

[1] Spalding, A. G. & Bros. . . . . New York, N. Y.
[2] Meldola & Coon. . . . . Rochester, N. Y.
[3] Columbia Shoe Co. . . . . Sheboygan, Wis.
[4] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[5] Murphy Boot & Shoe Co. . . . . Natick, Mass.

amount. This gives every manufacturer the same opportunities to go into the market and sell their goods, and if anything the Shoe Machinery Company should be commended for that rather than censured. If they do concede those discounts to concerns already grown rich in business, then we would have reason to protest; but they are not, as we understand it, giving any concessions to any one concern more than to another. We believe, in a way, that our business has grown doing business with the Shoe Machinery Company from a fifty thousand dollar a year to a five hundred thousand, about which rate we are doing at the present time."

Similarly, a Pennsylvania manufacturer writes:[1]

"We believe that the present policy of the company is a decided benefit to the smaller manufacturers, inasmuch as it places them on an equality with their larger competitors so far as the company's line of machinery is concerned and enables men of small means to engage in the manufacture of shoes."

This equality of service and royalty charge, to rich and poor alike, under the United Shoe Machinery Company's system is repeatedly named as the cause of the absolute open competition that exists in the shoe machinery business throughout the United States. "This industry," says the Massachusetts Commission on the Cost of Living, in its report published in 1910, "is one of the few great lines of industrial enterprises in the United States in which the trust form of control has not made headway."

The same fact is stated as follows by a Haverhill manufacturer:[2]

"It seems to us the policy of the United Shoe Machinery Company, which we believe has been rigidly lived up to, to treat all manufacturers alike on every detail of price-lists, and terms, on which machines or supplies have been purchased from the company, whether small users of $500 per annum, or larger ones of $100,000 per annum, is a very unusual and meritorious record for the United Shoe Machinery Company, and we believe that this point alone has been a tremendous benefit to all concerned, manufacturers and consumers and especially to the New England manufacturers. We believe it has been very influential in keeping the shoe making industry one of open competition all over the country, thereby preventing a few of the large manufacturers combining and controlling advantages, over the smaller ones, with the view of driving them out of business."

In this feature of the United Shoe Machinery Company's system many of the shoe manufacturers find also the secret of the opposition to the

[1] Eisenhuth Co., T. H. ..... Williamsport, Pa.
[2] Hodgdon, F. M. ..... Haverhill, Mass.

United Shoe Machinery Company and the cause of the recent attacks made upon it. An Indiana manufacturer says:[1]

> "We feel sure that this entire agitation against the United Shoe Machinery Company has come from a few sore heads, the same being some of the large shoe manufacturers who would like to get inside terms with the United Shoe Machinery Company which would give them an advantage over their competitors; but we think that the action of the United Shoe Machinery Company in treating all alike, whether large or small, instead of receiving censure, should be commended and set up as an example not only for large corporations but smaller business men to follow as well. The very fact of giving inside prices, rebates and whatnot to large firms is the very thing that drives the smaller ones out of business, and the trouble is that most business men in the United States are guilty of doing business along these lines; and the policy that the United Shoe Machinery Company has taken should be commended, as it is out of the ordinary."

A Lynn manufacturer writes:[2]

> "The objectors amongst the manufacturers to the United Shoe Machinery Company, as far as I can learn, have been only the ones who could not induce them to give them a rebate in the royalties, and the very fact that the United Shoe Machinery Company have treated all their customers alike is one of the strongest points in their favor."

Another Lynn manufacturer states:[3]

> "I believe this whole question has been raised by a few large manufacturers who wish to get a better deal from the Machinery Company than their smaller competitors."

The motives of these opponents of the United Shoe Machinery Company are explained at some length by a Colorado manufacturer:[4]

> "The intention is, if possible, to destroy the United Shoe Machinery Company, a large combination (if you please), to enable a still larger combination, *i. e.*, the large shoe manufacturers, to control a much larger trade, which affects the same class of people, and to a larger extent. I have been informed that, for some time, the large manufacturers have been claiming that they should have a much lower royalty than that of the smaller manufacturers. Before the United Shoe Machinery Company brought the machines all together so completely, it was almost

[1] Marion Shoe Co. ..... Marion, Ind.
[2] Lynn Manufacturer (a) ..... Lynn, Mass.
[3] Trevett & Berry ..... Lynn, Mass.
[4] Griffith Shoe Co., Charles D ..... Denver, Colo.

impossible (if not entirely so) for a small manufacturer to get his line of machinery and to keep them and the improvements up-to-date, to enable him to compete with the large manufacturers. . . . It is quite a well known fact that a few of the exceedingly large shoe manufacturers think they are entitled to all of the business there is in the United States and are willing to get it, regardless of the effect it would have on the smaller manufacturers. We think their action is entirely selfish and that they are not worried in the least regarding the public."

Similar expressions of praise for the United Shoe Machinery Company's equal treatment of small and large shoe manufacturers and similar expressions of repudiation of the acts and motives of the opponents of the Company occur, time and again, in the letters of the shoe manufacturers. Such comment, coming unsolicited from the rank and file of the shoe manufacturing industry, is especially significant.

VI

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM KEEPS THE SHOE MACHINERY OF ITS CUSTOMERS AT MAXIMUM EFFICIENCY

UNDER the leasing system of the United Shoe Machinery Company as explained under previous headings, the company charges the shoe manufacturers for the use of the leased machines a fixed royalty for each shoe manufactured with the machines. The Company, therefore, is compensated only as the machines are used and only in proportion to their efficiency. To obtain its royalties the Company must therefore keep its machines in efficient operation; and for that purpose the Company maintains experts to devise new machines, and also provides, as part of its royalty system, without extra charge to its customers, experts to install machines in the customers' factories, to explain their use to the workmen, and by constant inspection and prompt repair to keep these machines in the highest state of efficiency. The shoe manufacturer leasing machines from the United Shoe Machinery Company is thus saved the time, trouble and expense involved in the upkeep and repair of his machinery.

Although no specific question was addressed to the shoe manufacturers in respect to this subject, most of the manufacturers, in their replies, enthusiastically commend this feature of the United Shoe Machinery Company's system.[1]

[1] Allen-Foster-Willett Co. . . . . Lynn, Mass.
Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
Callahan & Meyers. . . . . Allentown, Pa.
Cloutman, J. F. & Co. . . . . Farmington, N. H.
Dixon-Bartlett Co. . . . . Baltimore, Md.
Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.
Green-Wheeler Shoe Co. . . . . Fort Dodge, Ia.
Griffith Shoe Co., Charles D. . . . . Denver, Colo.
Heywood Boot & Shoe Co. . . . . Worcester, Mass.
Hodgdon, F. M. . . . . Haverhill, Mass.
Leather Merchant.
Lynn Manufacturer (a) . . . . . Lynn, Mass.
Manchester Manufacturer . . . . . Manchester, N. H.
Marion Shoe Co. . . . . Marion, Ind.
Neenah Shoe Co. . . . . Neenah, Wis.
Priesmeyer Shoe Co., A. . . . . Jefferson City, Mo.
Reynolds, Bion F. . . . . Brockton, Mass.
Richards & Brennan Co. . . . . Randolph, Mass.
Spalding & Bros., A. G. . . . . New York, N. Y.
The Royal Shoe Co. . . . . Randolph, Mass.
Wisconsin Company . . . . . Wisconsin.
Woodbury, Melville . . . . . Lynn, Mass.

A Missouri manufacturer describes the situation thus:[1]

"At present the United Shoe Machinery Company stand ready on a moment's notice to send their agents to remedy troubles. They have central branches where are carried large stocks of parts, and the perfection of service in forwarding parts, machines and accessories is a great help to manufacturers centrally located, and the manufacturer in isolated territory is able to operate on exceedingly small supplies of machine accessories."

A California manufacturer states:[2]

"I have been doing business with the United Shoe Machinery Company for the past four years and our business relations during this time have been of a most satisfactory character. There has never been a time when I have called for any machine that would be a benefit to me but what this company has forwarded same without any question."

A Lynn manufacturer writes:[3]

"The assistance we got from the United Shoe Machinery Company and their methods of putting out the very best and latest improved machines was a great factor in the success and upbuilding of that concern. . . . We feel that the United Shoe Machinery Company is, and has always been of inestimable value and benefit to the shoe manufacturers both large and small, with their splendidly equipped plant and large corps of experts that are at the service of the manufacturers at any time."

A Pennsylvania manufacturer declares emphatically:[4]

"I know for a positive fact, that at this time any reputable man of reasonable means can go to the United Shoe Machinery Company, tell them he wants to go into the shoe manufacturing business; the company will furnish party with building plans, factory lay-out, install machinery, furnish competent foreman, and instruct on all machines. The only requisite on the party entering the shoe manufacturing business is that he be a competent business man. He need not know anything about shoe manufacturing. Could it be possible for any number of well intending shoe machinery manufacturing concerns separately to handle such a matter? No, a thousand times, No."

Several manufacturers contrast conditions as they formerly existed, when they obtained machinery from many different machinery manu-

[1] Priesmeyer Shoe Co., A. . . . . Jefferson City, Mo.
[2] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[3] Allen-Foster-Willett Co. . . . . Lynn, Mass.
[4] Callahan & Meyers. . . . . Allentown, Pa.

facturers and had to depend upon the uncertain and insufficient repair service of each, with conditions as they exist today, when they have to deal only with one thoroughly equipped concern. On this point a Haverhill manufacturer writes:[1]

> "In the old days of having machines from so many different companies, it frequently happened that the particular agent who was competent to adjust the machine out of order, had been sent to some distant part of the state, or even to a greater distance, and would not return for several days; also the parts required were very apt not to be available, consequently several days' delay would ensue, and finally when the machine was put in order, at a considerable expense, the daily output of your factory had in the meantime been tied up, entailing loss and confusion through more or less of your factory system, on account of the delay on that one particular part of the work, which affected the whole.
>
> "By the United Shoe Machinery method the repairs are made in a few hours, at an expense of the machinery parts only, the service being all gratis, and the prices charged for the parts are only nominal, which means to the manufacturer such a tremendous saving of time and expense that it can hardly be calculated.
>
> "It seems obvious that a comparatively small, independent machinery company, representing one or a few machines, could not provide this service of expert mechanics and parts, to be immediately available in all the shoe cities, which the United Company can do at a nominal cost, by doing it on such a large scale."

An Iowa manufacturer states:[2]

> "While there would be a material increase in cost to the shoe manufacturer on machine account if we had to operate under the old system or a different system than is now in operation, there would be a serious question as to whether or not we could procure sufficient number of expert machinists to look after our repairs and teach new operators and could get them when we need them. In other words, it requires exceptional ability on the part of a machinist to take care of these machines and keep them in repair and to teach new operators. Instead of concentrating this as it is under the present form we would have numerous other firms to deal with who could not furnish such without a considerable extra cost. If we had to do it ourselves we could not procure sufficient number of expert machinists."

[1] Hodgdon, F. M. ..... Haverhill, Mass.
[2] Green-Wheeler Shoe Co. ..... Fort Dodge, Ia.

A Lynn manufacturer writes:[1]

> "One great advantage in dealing with the United Shoe Machinery Company has not been touched, to my knowledge, in the public print, and that is the great value to a manufacturing organization of having its plant run to the maximum capacity.
>
> "Under the old system we were obliged to purchase our machinery from different people, and in case of a breakdown it was sometimes two or three days before we could get the right man to repair the machines.
>
> "Today the Machinery Company keeps scores of men on their pay-rolls all the time, and immediately a machine breaks down we can have a man in our factory in an hour's time to work on the broken machine.
>
> "When you consider that one machine on some parts takes care of the work of eight or ten on other parts, you can readily see that a breakdown of an important machine will make a great congesting of the factory and hold up its output."

Even in respect to charges for repair parts—the inevitable grievance which every machine manufacturer encounters—most of the shoe manufacturers commend the United Shoe Machinery Company. A Wisconsin manufacturer states:[2]

> "Now speaking about the parts, which some claim are very expensive buying from the trust, would say, take any business, for instance the automobile business, you are well aware of the fact what these parts cost, and still they are not in the trust."

A Massachusetts manufacturer writes:[3]

> "From our experience with other machinery companies and also from what we know of the trade in general, it is certainly a fact that the charges for repair parts are always very high compared with the original cost of the machine, and we think if this matter was investigated that it would be found that Gov. Foss's company make proportionately high charges for parts of their machinery. We have had some experience with the sewing machine companies as to cost of parts and also cost for time and expense of experts going over the machines and these are very high."

A Massachusetts firm[4] considers the charges for machinery parts as heavy, but admits that the Company has been very kind to them in its treatment in many ways.

[1] Lynn Manufacturer (a) ..... Lynn, Mass.
[2] Wisconsin Company ..... Wisconsin.
[3] Heywood Boot & Shoe Co ..... Worcester, Mass.
[4] Holmes Co., F. B ..... Chelsea, Mass.

The relief which the shoe manufacturer experiences from having the care of his machinery assumed by the United Shoe Machinery Company is thus graphically described by an Indiana manufacturer:[1]

> "We would feel as if we were entering upon unknown seas if we did not have a firm like this to look after our machinery end of the business. The details of buying leather, findings and material of all kinds, thinking out new styles and patterns, and a thousand and one details of the business are enough to absorb the attention of the best brains that we can muster in the business without having to bother with the details of looking after the machinery end of the business as well. In fact, this is a load lifted off of our shoulders, and not only we but the public at large reap the benefit of cheaper and better shoes."

A Wisconsin manufacturer writes:[2]

> "We think the United Shoe Machinery trust has saved a lot of money for the shoe manufacturers. If they had to go back to the time where they had to pay for every machine they used, and pay for the services of an expert to adjust them when out of order, it would cost them from 25 cents to 50 cents a pair to manufacture their shoes by machinery."

Many shoe manufacturers testify in glowing terms also of the assistance which they have received from the staff of experts maintained by the United Shoe Machinery Company. A California manufacturer states:[3]

> "The United Shoe Machinery Company has millions involved in their plant, and thousands of dollars each month are paid out by them for the working force that is constantly improving shoe machinery, putting machines in repair and in instructing new operators. In fact, today there is in this factory one of their men who has traveled from their nearest office, which is 500 miles away, to instruct an operator on a new lasting machine which we have just installed."

A Pennsylvania manufacturer writes on this point:[4]

> "The United Shoe Machinery Company have been very helpful to us in the matter of instructing such help as we have in the handling of their new machines and newer methods in shoe making. Their policy helps the shoe manufacturer very much. Their representatives constantly keep the shoe manufacturer in touch with the newer methods of shoe making; many short cuts

[1] Marion Shoe Co. . . . . Marion, Ind.
[2] Wisconsin Company . . . . . Wisconsin.
[3] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[4] Callahan & Meyers . . . . . Allentown, Pa.

are thus made. Consequently, a great saving of time, energy and money."

The special benefit which the smaller manufacturer derives from this feature of the United Shoe Machinery Company's system is repeatedly emphasized. A Massachusetts manufacturer states:[1]

> "We speak from the standpoint of the small manufacturer. The United Shoe Machinery Company has been our benefactor and we are willing the world should know it. It has not only supplied machines which we should be unable to purchase outright, but it has furnished skilled workmen when needed. Its treatment of us has been uniformly courteous and helpful, and so far from showing any disposition to crowd, it has been consistently lenient and has repeatedly refrained from exacting many of the requirements of its leases."

Another Massachusetts manufacturer writes:[2]

> "There is no longer loss of output occasioned by waiting for the agents of the different independent companies, which was common at that time, and the medium or small manufacturers suffered the greatest loss inasmuch as first attention was always given to the larger companies. This, of itself, has been a great help to shoe manufacturers and enabled them, to quite a degree, to lessen the cost of the production of shoes."

A Colorado manufacturer says:[3]

> "Before the United Shoe Machinery Company brought the machines all together so completely, it was almost impossible (if not entirely so) for a small manufacturer to get his line of machinery and to keep them and the improvements up-to-date, to enable him to compete with the large manufacturers."

[1] The Royal Shoe Co. . . . . Randolph, Mass.
[2] Richards & Brennan Co. . . . . Randolph, Mass.
[3] Griffith Shoe Co., Charles D . . . . . Denver, Colo.

VII

THE UNITED SHOE MACHINERY COMPANY HAS ENCOURAGED THE INVENTION AND THE USE OF NEW SHOE MACHINERY

IN REPLY to the question addressed to the shoe manufacturers asking whether, in their opinion, the United Shoe Machinery Company has discouraged the invention of new machinery in order that its own machines might not be superseded, 16.9 per cent replied that it had discouraged invention, 47.5 per cent replied that it had encouraged invention, 30.8 per cent made no reply, and 4.6 per cent returned doubtful replies.

Among all these responses, it is significant that no specific instances were given of the suppression or non-use of any useful invention. On the other hand, most of the manufacturers who stated that the United Shoe Machinery Company had encouraged the invention and use of new machinery supported their statement with facts and figures.

A Massachusetts manufacturer writes:[1]

> "As to the discouraging of the invention of new shoe machinery, would say we think the marked increase in the past 10 or 11 years as compared with any other 10 years prior to that time, of itself, answers this question."

A Lynn manufacturer states:[2]

> "Another point very much in their favor is that as fast as improvements are made in the machinery, the manufacturers are given the benefit of this at practically no cost to themselves."

An Ohio firm,[3] on the other hand, thinks invention has been discouraged, but cannot say that the general consuming public has suffered.

The improvement in specific classes of shoe machinery is frequently remarked. Thus a Wisconsin concern writes:[4]

> "The royalties of the Goodyear machine now are the same as when formerly owned by the Goodyear Co., but these machines have been improved, both as regards quality of work and efficiency, to the extent that labor costs on them are less now than formerly. This fact should not be lost sight of by anyone and *especially the public:* that every improvement entering into the

[1] Richards & Brennan Co. . . . . Randolph, Mass.
[2] Lynn Manufacturer (a) . . . . . Lynn, Mass.
[3] The Irving Drew Co. . . . . Portsmouth, O.
[4] Neenah Shoe Co. . . . . Neenah, Wis.

machinery part of shoe manufacturing, enabling a reduction in that cost, has always to that extent reduced the price of a shoe and the *public has always had that benefit.* Far better material and superior workmanship is now furnished in a Goodyear Welt shoe at a price than could be furnished 25 years ago in a McKay-sewed shoe at that price. Before the Goodyear Welt shoe was made all welted shoes were hand welts, which were then a luxury. Now a Goodyear welted shoe is a better and stronger made shoe in a welt seam than was ever made with the old style hand-stitched welt."

To the same effect a Lynn manufacturer writes:[1]

"Look at your shoe or department store windows today and you will find the ear marks of the United Shoe Machinery Company very forcibly; no more wrinkled toes and twisted seams. We are making more shoes and better shoes than ever. Why? Because we are reaping through the United Shoe Machinery Company the fruit of the brains employed by them."

Some of the largest shoe manufacturers express the same view. Thus, the Emerson Shoe Company states:[2]

"We hardly think the company has discouraged the invention of new machinery to any extent in order that its own machines might not be superseded."

Many shoe manufacturers testify on this point from their own personal experience. A Pennsylvania manufacturer states:[3]

"In visiting the United Shoe Machinery Company, the writer was surprised at the number of competent and highly efficient men constantly employed in their experimental department. My judgment is that practically every operation in shoe manufacturing is being constantly analyzed and improved by men trained in this line of work, which has cost untold millions of dollars, and which the lease and royalties system must indirectly sustain."

A Lynn manufacturer writes:[4]

"As far as our knowledge goes, we never knew the company to discourage inventions and new machinery. In fact, they are always putting out something new every year and trying to better their line."

[1] Melville Woodbury, ... Lynn, Mass.
[2] Emerson Shoe Co ..... Rockland, Mass.
[3] Callahan & Meyers ..... Allentown, Pa.
[4] Eagle Shoe Manufacturing Co ..... Lynn, Mass.

A Haverhill manufacturer gives similar testimony:[1]

> "According to our experience, it is the policy of the United Shoe Machinery Company continually to improve and make its machinery more efficient, and these improved machines are available to the manufacturer, and are put in by the company, superseding the old ones at practically no expense, and are frequently put in on more advantageous terms than the retired machine which they supersede. This service to the manufacturer, in addition to the service of keeping his machine in good repair at no expense, beyond the new parts required, is of great value. . . . It would seem that they must carry on continually, to quite an extent, inventive work in their own plants, from the fact that they are continually replacing their old machines with the ones improved by more efficient patterns. Would it not also seem reasonable that inventive work under the intelligent and discriminating guidance of the company's supervision, governed by the way the changing actual requirements of the making of shoes is being met by the various machines, and taking care of these conditions as they present themselves, give more practical and beneficial results in the way of inventions than under the old plan of having an occasional practical invention here and there of some individual working it out for themselves."

To the same effect a California manufacturer writes:[2]

> "When a machine becomes partially obsolete or they get something that is newer and better, they allow us to discard the old and replace this with a new and more up-to-date one so as to put us on the same footing as the larger concerns."

Far from discouraging invention, the United Shoe Machinery Company, according to many shoe manufacturers, has "helped inventors,"[3] "sought after and encouraged"[4] inventions and, in general, advanced the use of the most efficient machinery.

[1] Hodgdon, F. M. ..... Haverhill, Mass.
[2] Brennan Tannery & Shoe Manufacturing Co ..... Upland, Cal.
[3] W. H. Lee ..... Memphis, Tenn.
[4] The Lounsbury & Soule Co ..... Stamford, Conn.

VIII

THE ROYALTIES CHARGED BY THE UNITED SHOE MACHINERY COMPANY ARE NOT EXCESSIVE, CONSIDERING THE SERVICE RENDERED

IN REPLY to the question addressed to the shoe manufacturers asking if, in their opinion, the royalties charged are unreasonable, considering the quality of service rendered, 11.1 per cent replied that the royalties were unreasonable, 76 per cent replied that the royalties were reasonable, 8 per cent made no reply, and 4.9 per cent returned doubtful replies.

The responses[1] contain no serious complaints as to the amount of royalties charged, the quality and extent of the Company's service being considered. This favorable attitude is readily understood when it is realized that the average royalty paid by a shoe manufacturer for the use of all machines furnished by the United Shoe Machinery Company in the manufacture of all different types and grades of shoes is less than $2\frac{2}{3}$ cents per pair of shoes. In computing this average, the Goodyear Welt Shoe is included, on which the highest royalty paid on the most expensive shoe is less than $5\frac{1}{4}$ cents per pair. Goodyear Welt Shoes, however, comprise less than one third of the total annual production of the United States. Upon these figures as a basis, President Winslow of the United Shoe Machinery Company figured that if all the machines of the United Shoe Machinery Company were used in the manufacture of all shoes made in the United States—excluding the Goodyear Welt Shoe—the Company would receive less than $1\frac{1}{3}$ cents per pair. The Company makes over 300 different machines; and this royalty is all that the Company receives for the manufacture, installation, use, care, and service in keeping the machines in running order in the factories of the shoe manufacturers

[1] Brennan Tannery & Shoe Manufacturing Co. ..... Upland, Cal.
Callahan & Meyers ..... Allentown, Pa.
Eagle Shoe Manufacturing Co. ..... Lynn, Mass.
Eisenhuth Co., T. H. ..... Williamsport, Pa.
Fargo Shoe Manufacturing Co. ..... Belding, Mich.
Green-Wheeler Shoe Co. ..... Fort Dodge, Ia.
Heywood Boot & Shoe Co. ..... Worcester, Mass.
Hodgdon, F. M. ..... Haverhill, Mass.
Lynn Manufacturer (a) ..... Lynn, Mass.
Lynn Manufacturer (b) ..... Lynn, Mass.
Neenah Shoe Co. ..... Neenah, Wis.
Manchester Manufacturer ..... Manchester, N. H.
Pratt Shoe Co. ..... Natick, Mass.
Priesmeyer Shoe Co., A. ..... Jefferson City, Mo.
Spalding, A. G. & Bros. ..... New York, N. Y.
The Lounsbury & Soule Co. ..... Stamford, Conn.
Wisconsin Company ..... Wisconsin.
Wolfe Bros. Shoe Co. ..... Columbus, O.

to whom the Company leases them and for instructing the operatives of these factories how to run these machines most efficiently.

As an Iowa manufacturer[1] states, the amount of this royalty taken even at its highest figures "is infinitesimal and insignificant" when compared with the price of $4 or $5 which the consumer pays for the shoes.

A Wisconsin company says:[2]

> "The five cents per pair, or over, which we are paying the United Shoe Machinery trust, if this were increased or lowered, would not affect the price which the wearer must pay, as a merchant will get his price for a shoe, no matter whether it is $4, $4.50 or $5. Sometimes if a shoe costs $2, he will get $4 if he thinks the shoe will stand the value. So you see the trust does not affect the wearer, in any shape or manner."

The same idea is expressed by a Michigan manufacturer:[3]

> "The royalty does not affect the consumer one way or the other; by the time the shoe reaches the retailer that small item is lost sight of."

Shoe manufacturers who had been engaged in business before the organization of the United Shoe Machinery Company drew upon their personal experience, before and after leasing the Company's machinery, for proof that the royalties charged by the Company are not excessive. A Wisconsin manufacturer writes at some length on this point:[4]

> "Our opinion is that a shoe manufacturer who has been manufacturing shoes for 20 or more years, or having manufactured a reasonable length of time before the existence of the United Shoe Machinery Company, well knows the excessive prices we were obliged to pay for machines then; not only that, but constant quarrels and law suits existing between competing companies in testing their rights to patents. In some cases injunctions were served on shoe manufacturers restraining them from using certain machines at that time, all of which was a discouraging part of the shoe machinery business.
>
> "All such manufacturers well remember the leveling machine contests, besides a great many others that could be mentioned. There was a time when the heel-attaching machine cost $800 with royalties at ½-cent per pair; connected with this a heel-shaving machine that cost $300. Now machines that do three times the work with no initial cost for the two machines can be had for ¼-cent per pair royalty, covering the heel-attaching and the heel-shaving machine.

[1] Green-Wheeler Shoe Co. . . . . Fort Dodge, Ia.
[2] Wisconsin Company . . . . . Wisconsin.
[3] Fargo Shoe Manufacturing Co. . . . . Belding, Mich.
[4] Neenah Shoe Co. . . . . Neenah, Wis.

"Leveling machines formerly cost from $450 to $600; present cost less than one fourth. Edge-setting machine that once cost $250 now had at $6 per year. Edge-trimming machines at the same ratio. Single Tapley heel-finishing machines formerly $450, or with twin attachment from $650 to $700. A substitute for this machine now costs $15, royalty one cent per dozen pairs. And so we might go all through the bottoming room. Lasting machines then not in existence; now no initial cost. Royalties one fourth cent per pair."

A Pennsylvania manufacturer writes: [1]

"Many operations as done formerly without the use of United Shoe Machinery Company's machines, cost from double to, in many instances, as much as five times the cost of the present royalties. . . . . When matter of low-price lease, installation, instruction of help, repairing of machines (parts only paid for) is considered, one must realize that only in a very large volume of business would it be possible to make the price of royalties so low."

The smaller manufacturers, in this as in so many other instances, are particularly emphatic in their approval of the royalty system. A California manufacturer says: [2]

"The value of this company's machines which we now have would be about $20,000 but owing to the small output of this factory, they are not receiving from us in the way of royalties over 5%. This, of course, is allowing nothing for depreciation and as the machines belong to the company, they of course have to suffer in the way of the machines becoming depreciated in value, for about the only equity we have in these machines is that which we have paid for freight."

A large manufacturer [3] concedes that under the royalty system the cost of shoe manufacture is less than it would be if the machines were bought outright by the shoe manufacturer, and in one form or another the same idea is elaborated by many others.[4]

[1] Callahan & Meyers . . . . . Allentown, Pa.
[2] Brennan Tannery & Shoe Manufacturing Co . . . . . Upland, Cal.
[3] Emerson Shoe Co . . . . . Rockland, Mass.
[4] Callahan & Meyers . . . . . Allentown, Pa.
Fargo Shoe Manufacturing Co . . . . . Belding, Mich.
Green-Wheeler Shoe Co . . . . . Fort Dodge, Ia.
Heywood Boot & Shoe Co . . . . . Worcester, Mass.
Neenah Shoe Co . . . . . Neenah, Wis.
Spalding, A. G. & Bros . . . . . New York, N. Y.
The Lounsbury & Soule Co . . . . . Stamford, Conn.
Wolfe Bros. Shoe Co . . . . . Columbus, O.

IX

THE RETURN UPON THE CAPITAL OF THE UNITED SHOE MACHINERY COMPANY IS PROPORTIONATELY NOT AS LARGE AS THE RETURN RECEIVED BY SUCCESSFUL MANUFACTURERS OF SHOES

IN REPLY to the question addressed to the shoe manufacturers asking if they agreed with President Winslow of the United Shoe Machinery Company that the return on the invested capital of the Company was not as large proportionately as the return received by successful manufacturers of shoes, 18.6 per cent replied that the return of the Company was not as great proportionately as the return received by successful manufacturers of shoes, 20 per cent replied that the return was as great, 56.6 per cent made no reply, and 4.6 per cent returned doubtful replies. A large number, it should be noted, did not touch upon this point in their responses.

Several of the manufacturers, however, who apparently are acquainted with the opponents of the United Shoe Machinery Company, draw interesting comparisons between them and the Company. Thus a Massachusetts manufacturer writes:[1]

> "From some of the information which we have seen printed in the papers, it would appear that certainly some of the St. Louis manufacturers are obtaining returns fully as large as the Shoe Machinery Company and yet they feel that they are being treated unfairly by the company."

The very prosperity of these opponents of the United Shoe Machinery Company is, in the opinion of some of the manufacturers, entirely due to the United Shoe Machinery Company's system. A New Hampshire concern says:[2]

> "If the reported statements of some of the large shoe manufacturers can be relied upon, we doubt very much if the United Shoe Machinery Company have earned as much on their capital invested as the certain manufacturers referred to have realized; and these same manufacturers appear to be the only customers of the United Shoe Machinery Company who are in any way dissatisfied with their present treatment. Had it not been for the United Shoe Machinery Company, we doubt if they would have been able to make the success that their reports indicate."

[1] Heywood Boot & Shoe Co. . . . . Worcester, Mass.
[2] Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.

X

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM RELIEVES THE SHOE MANUFACTURER FROM THE NECESSITY OF TYING UP CAPITAL IN SHOE MACHINERY

ALTHOUGH no specific question was addressed to the shoe manufacturers on this subject, a great majority of them, in their replies to other questions, took occasion to commend this feature of the United Shoe Machinery Company's system and to express their appreciation of the great advantage that they derived from it.[1]

An Ohio manufacturer writes:[2]

> "There never has been a day in the history of the shoe business when a firm or man could enter into the manufacture of shoes with as little capital invested in machinery as he can at the present time. There has never been a time in the history of the shoe business when there has been as good service rendered to the manufacturer by any or all machinery companies."

The advantage which this system affords to the shoe manufacturer, by enabling him to install improved machines as fast as they are developed, without sacrifice to himself of the cost of the machines which are thus replaced, is constantly emphasized. A California concern states:[3]

> "When a machine becomes partially obsolete or they get something that is newer and better, they allow us to discard the old and replace this with a new and more up-to-date one so as to put us on the same footing as the larger concerns."

Similarly a Lynn manufacturer writes:[4]

[1] Allen-Foster-Willett Co. . . . . Lynn, Mass.
Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
Callahan & Meyers . . . . . Allentown, Pa.
Dixon-Bartlett Co. . . . . Baltimore, Md.
Griffith Shoe Co., Charles D . . . . . Denver, Colo.
Hillsdale Shoe Co. . . . . Hillsdale, Mich.
Hodgdon, F. M. . . . . Haverhill, Mass.
Lynn Manufacturer (a) . . . . . Lynn, Mass.
Marion Shoe Co. . . . . Marion, Ind.
Neenah Shoe Co. . . . . Neenah, Wis.
Packard, H. M. & Co. . . . . Lynn, Mass.
Priesmeyer Shoe Co., A. . . . . Jefferson City, Mo.
Spalding, A. G. & Bros. . . . . New York, N. Y.
The Royal Shoe Co. . . . . Randolph, Mass.
Trevett & Berry . . . . . Lynn, Mass.
Wolfe Bros. Shoe Co. . . . . Columbus, O.
[2] Wolfe Bros. Shoe Co. . . . . Columbus, O.
[3] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[4] Lynn Manufacturer (a) . . . . . Lynn, Mass.

"Another point very much in their favor is that as fast as improvements are made in the machinery, the manufacturers are given the benefit of this at practically no cost to themselves, whereas under the old system we were obliged to sacrifice nearly the full price of a machine, that had passed into obsolesence in the purchase of a new one of improved pattern to take its place."

Many shoe manufacturers refer to their personal experience in starting in business, and to the great assistance they derived from not having to buy their machinery outright. A California manufacturer states:[1]

"Four years ago I started manufacturing shoes with a jack-knife and hammer and without a doubt I would be doing the same today if it were not for the splendid assistance rendered by the United Shoe Machinery Company."

A Lynn manufacturer says:[2]

"Four years ago the writer organized the present company and wishes to go on record to say that if he had to go out on the market and buy the machinery outright he would have been very seriously handicapped in getting this company under way, and it is safe to say that the present business would not have reached one-quarter of the proportions it has if we had had to take our capital and put it into machinery. We are quite clear that even if this could be done the cost of producing shoes would be greatly increased by the method."

How important it is to a shoe manufacturer to be able, in an emergency, to obtain machinery without the necessity of purchasing it outright, is shown by the experience of a Baltimore shoe manufacturer:[3]

"Following the re-establishment of our factory after the great Baltimore fire of 1904, the 'United' equipped our plant by a complete installation of their most modern types of new machinery inside of two weeks' time, supplied men for the work in all departments, and continuing them upon the work until the new plant was in full operation and smooth running order, with an initial cost to us of one-half the book value of our old machinery account, a figure representing less than one-quarter of its original cost. With our present equipment and figuring by proportion, we are producing 50% more shoes than we ever made in our old plant."

Many of the shoe manufacturers also comment on the great disadvantage they suffered under the system which prevailed before the United

[1] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[2] Allen-Foster-Willett Co. . . . . Lynn, Mass.
[3] Dixon-Bartlett Co. . . . . Baltimore, Md.

Shoe Machinery Company was organized, when they were obliged to invest a considerable amount of their capital in shoe machinery. A Wisconsin concern writes:[1]

> "The manufacturer of shoes who has started business since the United Shoe Machinery Company was organized, hardly realizes, we think, the expense the older shoe manufacturers of this country had in their machine account, with new inventions constantly coming forth which would make almost entirely worthless machines formerly purchased at high prices, necessitating the adoption of new and improved machines at large prices and a practical loss of the old machines.
>
> "Now such conditions do not exist. Improvements are supplied free of cost, and a saving in labor without additional royalty cost. If we had competing companies in the machinery business they would now, the same as always before, charge extremely high prices for those machines and the same quarrels and litigations would arise between them as before, which now under one management we do not have. Now we know what our machinery and royalty costs are, and never until the existence of the United Shoe Machinery Company did the shoe manufacturers of this country know that, or the real value of their machinery account."

A Colorado manufacturer states:[2]

> "Before the United Shoe Machinery Company brought the machines all together so completely, it was almost impossible (if not entirely so) for a small manufacturer to get his line of machinery and to keep them and the improvements up-to-date, to enable him to compete with the large manufacturers."

In this connection the experience of an old Baltimore firm is interesting:[3]

> "Our company has been manufacturing women's shoes—McKay and Goodyear sewn—for 40 years. We traded with all the shoe machinery companies individually prior to the formation of the 'United' and since the formation, continually with the 'United' up to the present time. We are in the class of small manufacturers operating a factory at a distance of 500 miles from the shoe machinery centers.
>
> "In the old days we purchased outright all machinery, which resulted in a heavy drain upon the business to keep up with 'new inventions.' So much so, that frequently, we ran along for years rather than make an expenditure which would render useless an

[1] Neenah Shoe Co. . . . . Neenah, Wis.
[2] Griffith Shoe Co., Charles D . . . . . Denver, Colo.
[3] Dixon-Bartlett Co . . . . . Baltimore, Md.

investment we already had. Our repair bills were constant, and the work being done by such machinists as were available, was unsatisfactory. When a bad break came it was not unusual to be compelled to shut down that department several days until an expert could reach us from the 'home office.' The bill rendered us by the machine company attending to such repair work included, beside the actual time and material put upon the job, railroad fares, hotel bills, and the value of the mechanic's time consumed on the entire trip. Added to this the loss of non-production from disabled department. The aggregate of machines in use was represented by all ages;—modern, semi-modern, old and very old. The average could be safely styled 'old,' since at no time was the equipment in its entirety strictly 'up-to-date.' In contemplating a sales value, the average was the only basis upon which to reckon a price. Therefore, the advantage of ownership was reduced by the percentage of antiquated machines then in use. So much for the Old Plan.

"Under the United system we have a strictly modern equipment from start to finish. Machines are mostly installed by our preference upon the royalty basis or loan lease, although we have some machines purchased outright."

The point made in the letter last quoted, regarding the special advantage which the small manufacturer derives from no longer being obliged to tie up his capital in machinery, is reiterated again and again. For example, a Michigan manufacturer states:[1]

"Not only is the consumer better off, because the manufacturer has been able to produce goods at less cost, but especially the small manufacturer has been benefited. A great many of them would have been out of business, even before they scarcely got started if they were obliged to buy outright a line of machinery sufficient and of such quality to be able to make shoes in competition with the large manufacturer."

A Massachusetts manufacturer writes:[2]

"If we were obliged to buy all our machines outright we would have no money left to conduct our business. We speak from the standpoint of the small manufacturer. The United Shoe Machinery Company has been our benefactor and we are willing the world should know it. It has supplied machines which we should be unable to purchase outright."

A Missouri manufacturer says:[3]

[1] Hillsdale Shoe Co. ..... Hillsdale, Mich.
[2] Royal Shoe Co. ..... Randolph, Mass.
[3] Priesmeyer Shoe Co., A ..... Jefferson City, Mo.

"We believe the company has benefited the manufacturer, and under their present terms and conditions it is possible for the smaller manufacturer to expand, especially where lack of capital has been a hindrance to his getting efficient machinery equipment. The fact that so little capital is required to be tied up in machinery under the new management, shoes should be produced at a minimum cost per pair."

To the same effect a Haverhill manufacturer writes:[1]

"The young manufacturer starting out in business with a small capital, and working his way up, gradually establishing a successful business, would find himself terribly handicapped if he was obliged to buy his machinery outright, and could not have the service and care of the United Shoe Machinery Company to assume the responsibility of keeping it in good running order. Not only would his machinery account be large, reducing his active cash capital, but his machinery depreciation would be a large one every year, and being an item that would vary, according to conditions, it could not be figured as a positive cost, while under the present royalty and rental basis of the United Shoe Machinery Company the manufacturer can figure the machinery cost as a positive item in the making of his shoes."

Several manufacturers find in this feature of the United Shoe Machinery Company's system the secret of the absence of trust control in the shoe manufacturing business, and also the cause of the animus expressed in some quarters against the Company. For instance, a Lynn manufacturer writes:[2]

"At present we are enabled to use all of our capital in the actual business of manufacturing and any method that made it necessary to tie up any considerable amount in machinery would make it impossible to do the same volume on the same amount of capital. It would also make it much harder for small concerns to start in business, and by concentrating the business in the hands of capitalists, the eventual result would be higher prices for shoes due to lack of competition. I believe this whole question has been raised by a few large manufacturers who wish to get a better deal from the Machinery Co., than their smaller competitors."

Hodgdon, F. M. ..... Haverhill, Mass.
[2] Trevett & Berry ..... Lynn, Mass.

XI

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM HAS BEEN ESPECIALLY HELPFUL TO THE SMALL SHOE MANUFACTURERS

NO QUESTION bearing directly on this subject was addressed to the shoe manufacturers; but in their replies to other questions most of them expressed in the strongest language their conviction that the United Shoe Machinery Company's system had been of the greatest value to the small shoe manufacturer. In one form or another, practically every shoe manufacturer expressed this view, most of them giving facts and figures and many of them referring to their own personal experience in substantiation of their statements.[1]

To quote from more than a small proportion of the letters touching this point would far exceed the space limits available. A few must suffice as illustrations of all.

A Colorado manufacturer writes:[2]

> "Before the United Shoe Machinery Company brought the machines all together so completely, it was almost impossible (if not entirely so) for a small manufacturer to get his line of

[1] Ashby Shoe Co. ..... Brockton, Mass.
Brennan Tannery & Shoe Manufacturing Co. ..... Upland, Cal.
Callahan & Meyers ..... Allentown, Pa.
Cloutman, J. F. & Co. ..... Farmington, N. H.
Dixon-Bartlett Co ..... Baltimore, Md.
Eisenhuth Co., T. H ..... Williamsport, Pa.
Estabrook-Anderson Shoe Co ..... Nashua, N. H.
Green-Wheeler Shoe Co ..... Fort Dodge, Ia.
Griffith Shoe Co., Charles D ..... Denver, Colo.
Hillsdale Shoe Co ..... Hillsdale, Mich.
Hodgdon, F. M ..... Haverhill, Mass.
Joslin Co., A. L ..... Oxford, Mass.
Leather Merchant.
Lynn Manufacturer (a) ..... Lynn, Mass.
Massachusetts Manufacturer.
Murphy Boot & Shoe Co ..... Natick, Mass.
National Shoemakers ..... Lewiston, Me.
Packard, H. M. & Co ..... Lynn, Mass.
Pratt Shoe Co ..... Natick, Mass.
Priesmeyer Shoe Co., A ..... Jefferson City, Mo.
Reynolds, Bion F ..... Brockton, Mass.
Reynolds, Luke W ..... Brockton, Mass.
Richards & Brennan Co ..... Randolph, Mass.
Spalding, A. G. & Bros ..... New York, N. Y.
The Lounsbury & Soule Co ..... Stamford, Conn.
The Royal Shoe Co ..... Randolph, Mass.
Trevett & Berry ..... Lynn, Mass.
Wolfe Bros. Shoe Co ..... Columbus, O.

[2] Griffith Shoe Co., Charles D ..... Denver, Colo.

machinery and to keep them and the improvements up-to-date, to enable him to compete with the large manufacturers."

A Pennsylvania manufacturer states:[1]

"We believe that the present policy of the company is a decided benefit to the smaller manufacturers, inasmuch as it places them on an equality with their larger competitors so far as the company's line of machinery is concerned and enables men of small means to engage in the manufacture of shoes."

A Maine manufacturer writes:[2]

"We are believers in the United Shoe Machinery Company for they are doing a mighty good work, and especially are they doing good along the line with the small manufacturers."

A Massachusetts manufacturer states:[3]

"We speak from the standpoint of the small manufacturer. The United Shoe Machinery Company has been our benefactor and we are willing the world should know it. It has not only supplied machines which we should be unable to purchase outright, but it has furnished skilled workmen when needed. Its treatment of us has been uniformly courteous and helpful, and so far from showing any disposition to crowd, it has been consistently lenient and has repeatedly refrained from exacting many of the requirements of its leases."

To the same effect a New Hampshire manufacturer writes:[4]

"As a small manufacturer I will state unconditionally that I have always received the utmost consideration from the United Shoe Machinery Company in every way, not only through its prompt and efficient service and the courtesy of its representatives, but also through many helpful suggestions made voluntarily by the officials of the home office."

One of the oldest manufacturers in the trade writes:[5]

"For young firms starting in the business since the inauguration of this company, it is not hard to understand how they may have felt a benefit from this company."

Just how the small shoe manufacturer, as distinguished from the large, is especially benefited by the United Shoe Machinery Company's system is thus described by a Michigan manufacturer:[6]

[1] Eisenhuth Co., T. H. ..... Williamsport, Pa.
[2] National Shoemakers ..... Lewiston, Me.
[3] Royal Shoe Co ..... Randolph, Mass.
[4] Cloutman, J. F. & Co. ..... Farmington, N. H.
[5] Massachusetts Manufacturer ..... Massachusetts.
[6] Hillsdale Shoe Co ..... Hillsdale, Mich.

"In the opinion of the writer the small manufacturer is the one especially benefited by the United Shoe Machinery Company. It does not make so much difference to the larger and more wealthy one as he can afford it anyway, from the fact that whatever additional he has to pay in the way of royalty he makes up in the less cost in his over-head expenses, which is brought about by the increased amount of his manufacture. We are not saying this because it has been solicited in any way, but because we consider it our duty to speak well of the company, which has shown the small manufacturer a great many favors."

The assurance of absolutely the same service that the large manufacturer receives, and at the same charge, is the special feature of the United Shoe Machinery Company's system that the smaller manufacturers most frequently commend. A Massachusetts manufacturer writes:[1]

"We are a small company and we can buy five, ten or two thousand pounds of supplies at the same price with same discounts as the manufacturer that would buy double or three times that amount. This gives every manufacturer the same opportunities to go into the market and sell their goods, and if anything the Shoe Machinery Company should be commended for that rather than censured. If they do concede those discounts to concerns already grown rich in business, then we would have reason to protest; but they are not, as we understand it, giving any concessions to any one concern more than to another. We believe, in a way, that our business has grown doing business with the Shoe Machinery Company from a fifty thousand dollar a year to a five hundred thousand, about which rate we are doing at the present time."

A California manufacturer states:[2]

"So far as the machinery end of the business is concerned, that is equal, for the man with small means, but with ability, has really the same opportunity as the man with millions. He obtains his machinery upon the same basis as his neighbor."

Similarly, a Brockton manufacturer writes:[3]

"Personally we cannot say too much in favor of their system or conduct, as far as we have had dealings with them. For a man with small capital it is certainly the best thing there could be. With their system he is able to start business with just as good machines and equal service as the large man. This enables him to compete with the larger manufacturer."

[1] Murphy Boot & Shoe Co. ..... Natick, Mass.
[2] Brennan Tannery & Shoe Manufacturing Co. ..... Upland, Cal.
[3] Ashby Shoe Co. ..... Brockton, Mass.

This advantage to the small shoe manufacturer is especially clear in respect to the expert repair service furnished without additional expense by the United Shoe Machinery Company. A New Hampshire manufacturer says on this point:[1]

> "In the shoe business, the small and medium manufacturers, and in fact, none but the very largest, could possibly employ under any other system, nor have at their command under any other system, the services of the experts to keep the machines in their factories in order. Wherever they obtained them the expense entailed would be absolutely prohibitive. Take a small manufacturer making five or six hundred pairs of shoes per day; how could he secure the services of the kind of men now furnished him by the company? It would be prohibitive as to cost. The United Shoe Machinery Company's method of doing business furnishes every manufacturer in the country with the highest type of men skilled in the art of keeping machines that they have in their factory in efficient and the best working order. Is there any other manufacturing business where even the big men—certainly not the small—have at their command the experts who thoroughly know the business? There is none."

Some of the personal testimony of the shoe manufacturers in respect to the individual benefit which they derived when they were young and struggling manufacturers is very striking. A Lynn manufacturer states:[2]

> "When I started in business four years ago, I began in a small building 9 x 16, with very little capital. An entire stranger to any member of the United Shoe Machinery Company I went to that company for my machinery, and they fitted me out with every new modern machine necessary for the manufacture of the shoes I intended to make. I have since been able to increase my business, have twice enlarged my factory, whereas if it had not been for the United Shoe Machinery Company I would still be working at the bench."

To the same effect a well-known leather merchant writes:[3]

> "To illustrate what the company has made possible I will tell of what I know. A very few years ago a young man who knew how to make shoes, and who had saved a little money, told me that as he was not obliged to invest any money in machinery, as he could lease it on favorable terms from the United Shoe Machinery Company, he would start in for himself if I would take an interest in his company. Last year he made a profit of

[1] Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.
[2] Packard, H. M. & Co. . . . . Lynn, Mass.
[3] Leather Merchant.

$20,000, which was many times his original investment. This was made possible only because he was able to make as favorable a deal with the Shoe Machinery Company as were his competitors, large or small."

Statements similar to the foregoing might be multiplied by quoting from numerous other shoe manufacturers. Throughout most of the letters expressions of gratitude abound. One of the manufacturers [1] describes the United Shoe Machinery Company as "the bridge that has carried us safely over"; another [2] calls the Company "the only branch of the shoe industry that protects the smaller manufacturer"; another [3] states that the Company "enabled us to get into business"; another [4] calls the Company "one of the most important factors in the development of the shoe industry"; another [5] describes the Company as "a great benefit to the small and medium sized manufacturer"; and another [6] calls the Company "our benefactor."

[1] Hillsdale Shoe Co. ..... Hillsdale, Mich.
[2] Reynolds, Luke W. ..... Brockton, Mass.
[3] Trevett & Berry ..... Lynn, Mass.
[4] Wolfe Bros. Shoe Co. ..... Columbus, O.
[5] Leather Merchant.
[6] The Royal Shoe Co. ..... Randolph, Mass.

XII

UNDER THE UNITED SHOE MACHINERY COMPANY'S SYSTEM, THE COST OF SHOE MANUFACTURE IS LESS THAN IT WOULD BE IF THE SHOE MANUFACTURERS BOUGHT THEIR MACHINES OUTRIGHT

IN REPLY to the question addressed to the shoe manufacturers asking if they thought that the cost per pair of shoes manufactured would be more if they bought all their machines outright than under present conditions, 57 per cent replied that the cost would be greater, 18.1 per cent replied that the cost would be less, 15.3 per cent made no reply, and 9.6 per cent returned doubtful replies.

In support of their view that the United Shoe Machinery Company's system has kept the cost of shoe manufacture lower than if the machinery had to be bought outright, many [1] referred to facts and figures that have been presented under previous headings. A full consideration of this question would necessarily answer all the others involved in the entire discussion regarding the United Shoe Machinery Company's business, causing much repetition of statement. For that reason only a few out of the many replies to this question are referred to here.

A Pennsylvania manufacturer speaks from his personal experience: [2]

> "If our concern were obliged to purchase outright such new machines as we use, and charge 10% depreciation instead of about

[1] Allen-Foster-Willett Co	Lynn, Mass.
Callahan & Meyers	Allentown, Pa.
Dixon-Bartlett Co	Baltimore, Md.
Eagle Shoe Manufacturing Co	Lynn, Mass.
Emerson Shoe Co	Rockland, Mass.
Estabrook-Anderson Shoe Co	Nashua, N. H.
Green-Wheeler Shoe Co	Fort Dodge, Ia.
Griffith Shoe Co., Charles D	Denver, Colo.
Heywood Boot & Shoe Co	Worcester, Mass.
Hillsdale Shoe Co	Hillsdale, Mich.
Hodgdon, F. M	Haverhill, Mass.
Leather Merchant.	
Lynn Manufacturer (a)	Lynn, Mass.
Marion Shoe Co	Marion, Ind.
Neenah Shoe Co	Neenah, Wis.
Pratt Shoe Co	Natick, Mass.
Priesmeyer Shoe Co., A	Jefferson City, Mo.
Reynolds, Bion F	Brockton, Mass.
Spalding, A. G. & Bros	New York, N. Y.
The Lounsbury & Soule Co	Stamford, Conn.
The Royal Shoe Co	Randolph, Mass.
Trevett & Berry	Lynn, Mass.
Wisconsin Company	Wisconsin.
[2] Callahan & Meyers	Allentown, Pa.

7%, as charged by the United Shoe Machinery Company, our manufacturing cost would be higher. This does not take into consideration the question as to whether we, as well as many others, could handle this question, from a financial standpoint."

A Massachusetts manufacturer writes:[1]

"It is impossible to estimate, even approximately, what the machinery cost would be if it was necessary to purchase all machinery outright. There is practically no basis of the cost of the machinery itself, but from a very rough estimate, it would appear to us that the cost of depreciation, repairs and other charges would be very nearly as much as the royalty charge at the present time. It is certain that a cash outlay for machinery would be very large."

A New Hampshire manufacturer states:[2]

"If we were obliged to buy outright all of the machines that are used in the factory, and not have the benefit of the company's expert machinists, the manufacturing cost would, we believe, be very much higher than under present conditions."

Similarly, a Connecticut manfacturer writes:[3]

"We cannot see how if we bought our machines outright the cost of manufacturing would be any less on that account. In our opinion it would probably have been greater."

The same opinion is expressed by the large shoe manufacturers:[4]

"If we bought all of our machines outright we feel that the cost per pair of shoes manufactured would be more than under present conditions."

The saving to the shoe manufacturer of the loss which he formerly suffered in experimenting with new and untried experimental machines is an element in the reduction of the cost of shoe manufacture that is repeatedly credited to the United Shoe Machinery Company. A Pennsylvania manufacturer says on this point:[5]

"If the manufacturing of shoe machinery were in many hands, a large number of experimental machines would be built and sold, many of which would be complete failures. As it is, the United Shoe Machinery Company try out thoroughly with a competent force any new idea, and, if practical, put them on the market; thus

[1] Heywood Boot & Shoe Co. . . . . Worcester, Mass.
[2] Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.
[3] The Lounsbury & Soule Co. . . . . Stamford, Conn.
[4] Emerson Shoe Co. . . . . Rockland, Mass.
[5] Callahan & Meyers . . . . . Allentown, Pa.

protecting the shoe manufacturer, and thereby saving them a great deal of time and money."

The matter was picturesquely summed up by an Indiana manufacturer in this way:[1]

> "We would feel as if we were entering upon unknown seas if we did not have a firm like this to look after our machinery end of the business. The details of buying leather, findings, and material of all kinds, thinking out new styles and patterns, and a thousand and one details of the business are enough to absorb the attention of the best brains that we can muster in the business without having to bother with the details of looking after the machinery end of the business as well. In fact, this is a load lifted off of our shoulders, and not only we but the public at large reap the benefit of cheaper and better shoes."

[1] Marion Shoe Co. . . . . Marion, Ind.

XIII

SHOE MACHINERY IS THE ONLY ITEM OF COST IN THE MANUFACTURE OF SHOES WHICH IS LOWER TODAY THAN IT WAS IN 1899, WHEN THE UNITED SHOE MACHINERY COMPANY WAS FORMED

IN REPLY to the question addressed to the shoe manufacturers asking if they agreed with President Winslow that machinery is the only item of cost in shoe manufacture that is lower today than in 1899, 63.6 per cent replied that they agreed with this statement, 9.4 per cent replied that they disagreed with this statement, 26 per cent made no reply, and 1 per cent returned doubtful replies.

Most of the manufacturers state that their own experience proves that machinery is the only item of cost in shoe manufacture which is lower to-day than in 1899, when the United Shoe Machinery Company was formed.[1]

Typical of these letters is that from a Pennsylvania manufacturer:[2]

> "During the past seven years (my own experience), practically everything that a shoe is made of has advanced in cost, except such supplies and machinery as the United Shoe Machinery Company sell or control."

One of the largest concerns in the trade joins in the same opinion:[3]

> "We are inclined to agree with Pres. Winslow that machinery is the only item of cost in the manufacture of shoes which is lower to-day than in 1899, when the United Shoe Machinery Company was formed. We are certainly of the opinion that the United Shoe Machinery Company is to a large extent responsible for lower cost of manufacture."

The credit for this lowering of the item of machinery in the cost of shoe

[1] Callahan & Meyers ..... Allentown, Pa.
Estabrook-Anderson Shoe Co ..... Nashua, N. H.
Emerson Shoe Co ..... Rockland, Mass.
Hazzard Co., R. P ..... Gardiner, Me.
Heywood Boot & Shoe Co ..... Worcester, Mass.
Lynn Manufacturer (a) ..... Lynn, Mass.
Spalding, A. G. & Bros. ..... New York, N. Y.
The Lounsbury & Soule Co ..... Stamford, Conn.
Wolfe Bros. Shoe Co ..... Columbus, O.
[2] Callahan & Meyers ..... Allentown, Pa.
[3] Emerson Shoe Co ..... Rockland, Mass.

manufacture is generally credited to the United Shoe Machinery Company. A Connecticut manufacturer writes:[1]

> "There is no question in our mind that the only item of cost in the manufacture of shoes which is lower to-day than it was in 1899 is the cost of the machines used by the manufacturers of shoes. It would appear to us that the policy of the United Shoe Machinery Company has been the means of bringing about the lower cost of shoe machines. We do not know whether the present conditions would have come about without the United Shoe Machinery Company but no indication of them was shown under the old machinery situation."

[1] The Lounsbury & Soule Co. . . . . Stamford, Conn.

XIV

THE UNITED SHOE MACHINERY COMPANY'S SYSTEM HAS REDUCED THE COST OF SHOE MANUFACTURE, AND EFFECTED A SAVING TO THE CONSUMER

SINCE the concensus of opinion, as shown under the last heading, is that shoe machinery is the only item in the cost of shoe manufacture which is lower to-day than in 1899 when the United Shoe Machinery Company was formed, the question logically arises as to what part the United Shoe Machinery Company contributed to this result.

To the question addressed to the shoe manufacturers asking if, in their opinion, the United Shoe Machinery Company had made it possible to lower the cost of manufacturing shoes with consequent saving to the consumer, 70.9 per cent replied affirmatively, 12.3 per cent replied in the negative, 12.5 per cent made no reply, and 4.1 per cent returned doubtful replies.

Another question was propounded to the shoe manufacturers, asking if they considered the United Shoe Machinery Company responsible for the present condition, in which shoe machinery is the only item of cost in the manufacture of shoes that is lower to-day than in 1899 when the Company was formed. To this question 49.2 per cent replied that the United Shoe Machinery Company was responsible, 9.2 per cent replied that the Company was not responsible, 37.8 per cent made no reply, and 3.6 per cent returned doubtful replies.

From the answers to both these questions it appears that to the United Shoe Machinery Company belongs the credit for having reduced the cost of shoe manufacture, and thereby effecting a saving to the consumer.[1]

A large Massachusetts firm says:[2]

"We are certainly of the opinion that the United Shoe Machin-

[1] Callahan & Meyers ..... Allentown, Pa.
Dixon-Bartlett Co ..... Baltimore, Md.
Emerson Shoe Co ..... Rockland, Mass.
Estabrook-Anderson Shoe Co ..... Nashua, N. H.
Fargo Shoe Manufacturing Co ..... Belding, Mich.
Hazzard Co., R. P ..... Gardiner, Me.
Hillsdale Shoe Co ..... Hillsdale, Mich.
Lynn Manufacturer (a) ..... Lynn, Mass.
Neenah Shoe Co ..... Neenah, Wis.
Spalding, A. G. & Bros ..... New York, N. Y.
The Lounsbury & Soule Co ..... Stamford, Conn.
Trevett & Berry ..... Lynn, Mass.
Wisconsin Company ..... Wisconsin.
Woodbury, Melville ..... Lynn, Mass.

[2] Emerson Shoe Co ..... Rockland, Mass.

ery Company is to a large extent responsible for lower cost of manufacture."

Other shoe manufacturers are even more emphatic. A Lynn manufacturer states:[1]

> "To my mind, the United Shoe Machinery Company has done more to advance the quality of good shoe making in this country since its organization, than any other one factor in the trade, and it seems to me that for the small amount of royalty charged, the return to the public is manifoldly greater, for I think that everybody who knows anything about the shoe business will agree that the public to-day receive more in their shoes than any other article of apparel."

A Connecticut manufacturer writes:[2]

> "There is no doubt in our mind but that the United Shoe Machinery Company has made it possible to hold the cost of manufacturing shoes down to a low level and that the consumer has reaped the benefit of this saving."

[1] Lynn Manufacturer (a) ..... Lynn, Mass.
[2] The Lounsbury & Soule Co ..... Stamford, Conn.

XV

WITH THE SHOE MACHINERY BUSINESS LESS CONCENTRATED, THE PRESENT LOW COST OF SHOE MANUFACTURE AND THE CONSEQUENT SAVING NOW REALIZED BY THE CONSUMER WOULD NOT HAVE BEEN OBTAINED

SINCE, then, shoe machinery is the only item in the cost of shoe manufacture that is lower now than in 1899 when the United Shoe Machinery Company was formed, and since the credit for reducing the cost of shoe manufacture and thereby effecting a saving to the consumer rests with the United Shoe Machinery Company, it remains to inquire whether these results could have been obtained without concentration in the shoe machinery business.

A question was addressed to the shoe manufacturers asking if, in their opinion, the saving to the consumer which the United Shoe Machinery Company has made possible through the lower cost of manufacturing shoes could have been made with the shoe machinery business less concentrated. To this question 13.5 per cent replied affirmatively, 57.1 per cent replied that an equal saving could not have been effected with the shoe machinery business less concentrated, 25.5 per cent made no reply, and 3.7 per cent returned doubtful replies.

As a full discussion of this question would necessarily cover much subject matter already treated under previous headings, only a few letters will be referred to [1] or quoted here.

A Connecticut manufacturer writes: [2]

> "It might be that equal benefit could have been had if the shoe machinery business was less concentrated, but that benefit was never shown by our experience previous to the formation of the United Shoe Machinery Company. There is no doubt in our mind but that the United Shoe Machinery Company has made

[1] Allen-Foster-Willett Co. . . . . Lynn, Mass.
Columbia Shoe Co. . . . . Sheboygan, Wis.
Dixon-Bartlett Co. . . . . Baltimore, Md.
Emerson Shoe Co. . . . . Rockland, Mass.
Fargo Shoe Manufacturing Co. . . . . Belding, Mich.
Farmington Shoe Manufacturing Co. . . . . Farmington, N. H.
Griffith Shoe Co., Charles D. . . . . Denver, Colo.
Hillsdale Shoe Co. . . . . Hillsdale, Mich.
Richards & Brennan Co. . . . . Randolph, Mass.
Southern Manufacturer.
The Lounsbury & Soule Co. . . . . Stamford, Conn.
Trevett & Berry. . . . . Lynn, Mass.
Wolfe Bros. Shoe Co. . . . . Columbus, O.

[2] The Lounsbury & Soule Co. . . . . Stamford, Conn.

it possible to hold the cost of manufacturing shoes down to a low level and that the consumer has reaped the benefit of this saving. Our experience previous to the formation of the United Shoe Machinery Company would not lead us to believe that an equal saving in manufacturing cost would have been obtained had the shoe machinery business been less concentrated, as it was before 1899."

An Ohio manufacturer states:[1]

"The United Shoe Machinery Company has served the manufacturer faithfully and efficiently, and with machinery business in a variety of hands the manufacturers could not have received as good service. We believe that the company has been one of the most important factors in the development of the shoe industry and with business less concentrated costs would certainly have been more."

A Pennsylvania manufacturer says:[2]

"The saving of time (money) in experimenting with new machines, shortening operations, the ever-ready assistance and active help, all assist in the low cost of footwear. There is absolutely no other article of wearing apparel which costs so little when the number and cost of machines, number of operations, the skill required of each operator, is considered. The United Shoe Machinery Company is responsible for the above conditions in their generous way of leasing machinery, instructing and assisting the shoe manufacturer. This condition could not possibly be with a dozen or more shoe machinery companies in existence, as the cost of keeping such a force of competent men on the road, would, for the individual shoe machinery company, be prohibitive."

[1] Wolfe Bros. Shoe Co. . . . . Columbus, O.
[2] Callahan & Meyers . . . . . Allentown, Pa.

XVI

THE CENSUS REPORTS PROVE THAT SINCE THE UNITED SHOE MACHINERY COMPANY WAS FORMED, THE SHOE MANUFACTURING INDUSTRY HAS ENJOYED ITS GREATEST PROSPERITY

SO MANY of the shoe manufacturers in their letters refer to the fact that since the United Shoe Machinery Company was organized, in 1899, the shoe manufacturing business has attained its greatest prosperity, that it is interesting to see how far their testimony is corroborated by the Census Reports. Investigation shows that the official figures more than bear out the statements of the shoe manufacturers in this regard.

During the decade from 1890 to 1900, the capital invested in the American shoe manufacturing industry showed an increase of only 4.8 per cent (from $95,282,311 to $99,819,233). In 1899 the United Shoe Machinery Company was formed. During the first five years of its existence, from 1900 to 1905, the growth in the capital invested in the industry was 22.7 per cent (to $122,526,093). During the second five years of its existence, from 1905 to 1910, the growth was 61 per cent (to $197,090,000). Other comparisons are equally significant. For example, the commercial ratings of the shoe manufacturers of the United States, during the existence of the United Shoe Machinery Company, have grown from $60,993,250 in 1900, to $98,629,200 in 1910, an increase since the Company was formed of 61.72 per cent.

The increase in the prosperity of the employees in the American shoe manufacturing industry has been even greater. Going back only five years in the history of the United Shoe Machinery Company, to the period from 1905 to 1910, the salaries and wages of all persons employed in the shoe factories of the United States increased 41 per cent (from $77,766,000 to $109,646,000); salaries alone increased 99 per cent (from $8,707,000 to $17,287,000); and wages alone increased 34 per cent (from $69,059,000 to $92,359,500). During the same period, the number of salaried officials and clerks increased 65 per cent (from 8,811 to 14,513) and the average number of wage earners employed during the year increased 23 per cent (from 149,924 to 185,116).

The increase in the product of American shoe manufacturers since the United Shoe Machinery Company was formed is equally notable. In the ten years preceding the organization of the Company, the value of the annual output of shoe factories in the United States showed a gain

of 17.4 per cent (from $220,600,000 to $258,900,000). During the first five years of the Company's existence, from 1900 to 1905, the gain was 23.6 per cent (to $320,107,000). During the second five years of the Company's existence, from 1905 to 1910, the gain was 38 per cent (to $442,631,000). The cost of the materials used per annum in shoe manufacture, in the United States, from 1905 to 1910, increased 41 per cent (from $197,363,000 to $227,468,000). During the same period, the amount of primary horse power used in the process of shoe manufacture increased 53 per cent (from 56,220 to 85,896). During this period the value added per annum by process of manufacture to the cost of the materials used in shoe manufacture, *e.g.*, the value of the product less the cost of materials, increased 35 per cent (from $122,744,000 to $165,163,000).

In proportion to the amount of capital employed, the value of product in the shoe manufacturing industry exceeds that of any other industry in this country.

In 1909, there were in the United States 1343 separate shoe manufacturing establishments, all independent, employing in the aggregate nearly 200,000 people, and having an individual output varying from 300 pairs to 25,000 pairs a day. The output of these establishments is sold by more than 50,000 retail shoe dealers, also all independent.

The foreign demand for American shoes dates practically from the organization of the United Shoe Machinery Company in 1899. Prior to that year, the exportation of boots and shoes from the United States was almost insignificant. In 1870, exports were valued at only $419,612. For many years they ran along with hardly a perceptible gain, with no organized effort to expand the trade. In 1890 they had grown to only $662,974. In 1896, the Goodyear Shoe Machinery Company, one of the constituent companies of the United Shoe Machinery Company, held boot and shoe exhibitions in London and Berlin with the result that the volume of exports was somewhat increased. In 1899 it had grown to $1,816,538. As soon, however, as the United Shoe Machinery Company was formed, there was a substantial increase in the export of boots and shoes from this country, and in 1910, it amounted to $13,764,842,—an increase since the formation of the Company of over 657 per cent. These figures represent a triumphant conquest of the foreign market by the American shoe manufacturers.

XVII

THE DISINTEGRATION OF THE UNITED SHOE MACHINERY COMPANY WOULD TEND TO INCREASE THE COST OF SHOE MACHINERY AND THE CONSEQUENT COST OF SHOES TO THE CONSUMER

THE prosperity of the shoe manufacturing business, under and because of the United Shoe Machinery Company's system, having thus been demonstrated by the testimony of the shoe manufacturers themselves and also confirmed by official census figures, there remains to be considered what the effect would be of disintegrating the Company.

The concensus of opinion, expressed in the letters of the manufacturers, seems to be that the disintegration of the United Shoe Machinery Company would be disastrous to both the shoe manufacturer and the consumer.[1]

In reply to the question addressed to the shoe manufacturers asking if they believed that the disintegration of the United Shoe Machinery Company would be followed by increased cost of operation, and would therefore mean that the price of shoes at retail would have to be raised, 56.4 per cent replied that disintegration would be followed by an increase in the cost of operation and in the retail price of shoes, 16.6 per cent replied

[1] Allen-Foster-Willett Co. . . . . Lynn, Mass.
Blum Shoe Manufacturing Co. . . . . Dansville, N. Y.
Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
Callahan & Meyers . . . . . Allentown, Pa.
Cloutman, J. F. & Co. . . . . Farmington, N. H.
Columbia Shoe Co. . . . . Sheboygan, Wis.
Dixon-Bartlett Co. . . . . Baltimore, Md.
Eagle Shoe Manufacturing Co. . . . . Lynn, Mass.
Eisenhuth Co., T. H. . . . . Williamsport, Pa.
Emerson Shoe Co. . . . . Rockland, Mass.
Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.
Farmington Shoe Manufacturing Co. . . . . Farmington, N. H.
Green-Wheeler Shoe Co. . . . . Fort Dodge, Ia.
Griffith Shoe Co., Charles D. . . . . Denver, Colo.
Heywood Boot & Shoe Co. . . . . Worcester, Mass.
Hillsdale Shoe Co. . . . . Hillsdale, Mich.
Hodsdon Manufacturing Co. . . . . Portland, Me.
Joslin Co., A. L. . . . . Oxford, Mass.
Lee, W. H. . . . . Memphis, Tenn.
Lynn Manufacturer (a) . . . . . Lynn, Mass.
Pratt Shoe Co. . . . . Natick, Mass.
Reynolds, Luke W. . . . . Brockton, Mass.
Spalding, A. G. & Bros. . . . . New York, N. Y.
The Lounsbury & Soule Co. . . . . Stamford, Conn.
Trevett & Berry . . . . . Lynn, Mass.
Williams Shoe Co., Arthur A. . . . . Holliston, Mass.
Wolfe Bros. Shoe Co. . . . . Columbus, O.

that disintegration would not have this result, 22.4 per cent made no reply, and 4.6 per cent returned doubtful replies.

Most of the manufacturers show no uncertainty in their conviction that the dissolution of the United Shoe Machinery Company would be harmful to the entire shoe business. A Pennsylvania manufacturer states:[1]

> "I very much question whether the standard of this service would be maintained if the United Shoe Machinery Company were to be dissolved."

A Massachusetts manufacturer writes:[2]

> "We fully believe that if the dissolution of the United Shoe Machinery Company be completed, or if the principle of leasing machines be abandoned, shoe manufacturers of the United States would be greatly handicapped, as compared with the present system they are now operating under. We can only add that our experience with the United Shoe Machinery Company, has been of the greatest assistance to us as shoe manufacturers during the past fifteen years we have been doing business. We should feel very sorry indeed to find any change of conditions forced upon manufacturers by legislation or otherwise, along the lines that many have suggested, of the outright purchase of all machines."

Another Massachusetts manufacturer states:[3]

> "We are decidedly in favor of the continuation of the present arrangement of securing shoe machinery as is conducted by the United Shoe Machinery Company. Furthermore, we believe that the disintegration of the United Shoe Machinery Company, if attempted, would be hazardous to the shoe manufacturers, and the results so uncertain that such measures ought to be discouraged."

A Lynn manufacturer writes:[4]

> "We cannot see where this disintegration of the company will benefit us any."

Similarly, a Wisconsin manufacturer says:[5]

> "If the company were disintegrated the price of shoes at retail would without a question cost more."

To the same effect an Ohio manufacturer writes:[6]

[1] Eisenhuth Co., T. H. ..... Williamsport, Pa.
[2] Pratt Shoe Co ..... Natick, Mass.
[3] Williams Shoe Co., Arthur A ..... Holliston, Mass.
[4] Eagle Shoe Manufacturing Co ..... Lynn, Mass.
[5] Columbia Shoe Co ..... Sheboygan, Wis.
[6] Wolfe Bros. Shoe Co ..... Columbus, O.

"We believe that disintegration of the company would be followed by increased cost of machinery to the manufacturer, and of necessity, prices of shoes at retail would have to be raised."

A New Hampshire manufacturer expresses the same view:[1]

"We believe that the disintegration of the company would be followed by increased cost of operation, and that the price of shoes at retail would necessarily be raised, and we should regret exceedingly to have this take place."

Some of the largest concerns in the shoe manufacturing industry voice the same opinion. Says one of them:[2]

"We feel that disintegration of the company would be followed by increased cost of operation and it would therefore mean that the price of shoes at retail would have to be raised."

A Philadelphia firm,[3] on the contrary, does not see why disintegration would make for higher costs.

Throughout the letters of the shoe manufacturers, the harm which the small shoe manufacturer especially would suffer, in case the United Shoe Machinery Company were dissolved, is repeatedly emphasized. Note what a Lynn manufacturer says:[4]

"We believe that the disintegration of this company would be a very serious blow to the smaller manufacturer like us, doing a business of $100,000 to $150,000 a year."

A Connecticut manufacturer writes:[5]

"In case the disintegration of the United Shoe Machinery Company were ordered or made, we should consider it a hardship for medium sized or small manufacturers like ourselves. That we should consider a restraint of trade and tending towards a monopoly in the manufacture of shoes."

Similarly, a Maine manufacturer says:[6]

"We feel that should the government at Washington disturb in any large way the policy of the United Shoe Machinery Company as now carried out by them it would inflict on all shoe manufacturers (except the very large and wealthy corporations) a great wrong, as well as causing the consumer to pay more for his shoes."

[1] Estabrook-Anderson Shoe Co. . . . . Nashua, N. H.
[2] Emerson Shoe Co. . . . . Rockland, Mass.
[3] Ziegler Bros. . . . . Philadelphia, Pa.
[4] Trevett & Berry . . . . . Lynn, Mass.
[5] The Lounsbury & Soule Co. . . . . Stamford, Conn.
[6] Hodsdon Manufacturing Co. . . . . Portland, Me.

Practically all the shoe manufacturers who discuss the subject concede that the immediate result of dissolving the United Shoe Machinery Company must be to destroy the present prosperous condition of the shoe industry which, to repeat what the Massachusetts Commission on the Cost of Living stated in its report recently published, "is one of the few great lines of industrial enterprise in the United States in which the trust form of control has not made headway." In addition, it seems to be assumed by general consent that the dissolution of the United Shoe Machinery Company would result in the extermination of small shoe manufacturing concerns and the rise of trust control in the industry. Some of the letters are very specific on this point. A Maryland manufacturer writes:[1]

> "Should the Federal Government win its case now pending against the 'United' and order a disintegration of the company, we believe that, within the next few years, a great consolidation would take place among the large shoe manufacturers, backed up by the hide and leather interests, which would in a short time constitute a Shoe Trust, and that such a merger has not taken place long ago is only prevented by the non-discriminating policy absolutely maintained by the United Shoe Machinery Company."

Similarly, a California manufacturer says:[2]

> "The United Shoe Machinery Company in my opinion are the ones who have made it impossible for the large concerns to combine and form one of the greatest trusts in the country and you will find that if this company is put out of business that within two years a great combine will control the shoe manufacturing industry of the United States. . . . If this company were to be entirely eliminated, I can see where out of the 1343 factories now manufacturing shoes, 1000 of these concerns would be wiped out about the same time, while the remainder would flourish and the retail price of shoes would be higher than it is today. . . . Do not lose sight of the fact that you must not kill competition. I am inclined to the opinion that if the government presses their case against the United Shoe Machinery Company that the government may be responsible for forcing them in with the big shoe manufacturers and forming an immense combine which we smaller manufacturers so much dread."

To the same effect writes a Colorado manufacturer:[3]

> "The great difficulty, I believe, in this matter, is that the intention is, if possible, to destroy the United Shoe Machinery Company, a large combination (if you please), to enable a still

[1] Dixon-Bartlett Co. . . . . Baltimore, Md.
[2] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
[3] Griffith Shoe Co., Charles D. . . . . Denver, Colo.

larger combination, *i. e.*, the large shoe manufacturers, to control a much larger trade, which affects the same class of people, and to a larger extent."

Many shoe manufacturers evince a strong apprehension of harm, in case the United Shoe Machinery Company be disintegrated. A New York manufacturer states:[1]

> "Ever since the organization of the United Shoe Machinery Company we have enjoyed pleasant business relations with them and deeply deplore the attitude of the government in attempting to curtail their operations. We believe that if the company were forced to dissolve the manufacturers would be subjected to an increased operating expense, which must necessarily be added to the retail price of shoes."

A Pennsylvania manufacturer is emphatic as to future conditions:[2]

> "Should the courts find the United Shoe Machinery Company has been doing business contrary to law, and disintegrate the company, it would not, in the writer's opinion, be a matter of more than ten years before the shoe manufacturing business would be in the hands of a few (say, ten or a dozen concerns), as these concerns, some with a capital of $20,000,000, or more, could and would buy all or any machines that would advance their interests. The small or middle-sized shoe manufacturing concerns, by reason of not being able to finance their machinery account, would be forced to close up; fully 60% of the shoe manufacturing concerns would be in this class. The larger concerns, having less competition and more demand, would advance prices on all kinds of footwear. There would be practically no limit in the advance of price because of their complete control of the situation."

Similarly, a New Hampshire manufacturer states:[3]

> "I can at present recall no instance where unfair discrimination has been used by the United Shoe Machinery Company and should a dissolution of the company be brought about as a result of the present agitation, I should consider it nothing short of a calamity which would necessitate not only an entire change in the methods of every manufacturer, but in some instances might put them completely out of business. I shall look with interest to your campaign in this matter and when true conditions are properly presented I feel sure that the outcome will be a contin-

[1] Blum Shoe Manufacturing Co. . . . . Dansville, N. Y.
[2] Callahan & Meyers . . . . . Allentown, Pa.
[3] Cloutman, J. F. & Co. . . . . Farmington, N. H.

uance of the United Shoe Machinery Company and its present relations to the shoe manufacturing industry."

Equally strong is the resentment which some of the shoe manufacturers express against the influences which have clamored for the dissolution of the United Shoe Machinery Company. An Iowa manufacturer writes:[1]

> "This question is so broad and covers so many points and is of such vital interest to the continued development of the shoe manufacturing industry that it is inconceivable to me that a few large shoe manufacturing firms are able to enlist the whole power of the government to tear down (mainly in my judgment for personal reasons) an organization that stands today as the champion of the small shoe manufacturer and is operating in the interest of the development of shoe manufacturing. Should the government in its blindness succeed in dissolving the United Shoe Company and compel the shoe manufacturing fraternity to go back to antiquated methods or to methods untried it would mean the death knell of numerous concerns located all over the United States who are today making a reasonable profit and who are aiding and stimulatimg the development of this industry over our entire nation. . . . I am incensed beyond measure that the government should be inveigled into a matter of this kind to the hurt of many hundreds of small shoe manufacturers who will be vitally affected and consequently the consuming public who are today receiving the cost of lower shoes as considered in regard to the particular matter of the machine charge."

A Massachusetts manufacturer says:[2]

> "We feel that conditions as they are are much more satisfactory than they would be if the United Company were dissolved and we have very little sympathy with the attempt to make a case against the United Company."

Similarly, a Brockton manufacturer writes:[3]

> "As for myself, I believe that the United Shoe Machinery Company is the only branch of the shoe industry left that protects the small manufacturer, and that the same element that are trying to dissolve this company are the ones that have caused the change in terms of leather, which is in the favor of the large manufacturer and if they could have succeeded in getting THEIR royalties LOWER than the small manufacturer this never would have been put before the Federal Government. My belief is that the same element are trying their best to get the shoe business as near

[1] Green-Wheeler Shoe Co. . . . . Fort Dodge, Ia.
[2] Heywood Boot & Shoe Co. . . . . Worcester, Mass.
[3] Reynolds, Luke W. . . . . Brockton, Mass.

a trust as possible, and if they should succeed in disintegrating the company the small manufacturers have lost their best friend in the shoe business, and if we do not have the small manufacturers where will we get the large manufacturers later?"

To the same effect a Lynn manufacturer writes:[1]

"I believe this whole question has been raised by a few large manufacturers who wish to get a better deal from the Machinery Company, than their smaller competitors."

[1] Trevett & Berry.....Lynn, Mass.

XVIII

THE OPPOSITION TO THE UNITED SHOE MACHINERY COMPANY ARISES CHIEFLY FROM A FEW LARGE SHOE MANUFACTURERS

IN VIEW of all the advantages of the United Shoe Machinery Company's system as described in the letters of the shoe manufacturers already quoted, some curiosity is natural as to the source of the opposition to the Company. No question on this subject was addressed to the shoe manufacturers, but in the replies to other questions, and generally throughout their letters, they mentioned facts which supplied the answer.

Some of the letters already quoted, particularly those commenting on the absolute equality of service and charge with which the United Shoe Machinery Company treats all its customers, whether rich or poor, large or small, have incidentally developed the fact that this policy of the Company has caused some disaffection among certain large shoe manufacturers, who desire discounts, rebates, favors and, in general, preferential treatment over smaller manufacturers. The refusal of the Company to yield to this desire on the part of some of the large shoe manufacturers is mentioned by many as the chief cause of all the opposition to the United Shoe Machinery Company.[1]

A Pennsylvania manufacturer thus briefly states the objection which certain large shoe manufacturers have against the United Shoe Machinery Company:[2]

> "The objection raised by a few very large shoe manufacturers that are paying immense sums in royalties is that they must pay

[1] Brennan Tannery & Shoe Manufacturing Co. . . . . Upland, Cal.
Callahan & Meyers . . . . . Allentown, Pa.
Dixon-Bartlett Co. . . . . Baltimore, Md.
Eisenhuth Co., T. H. . . . . Williamsport, Pa.
Emerson Shoe Co. . . . . Rockland, Mass.
Green-Wheeler Shoe Co. . . . . Fort Dodge, Ia.
Griffith Shoe Co., Charles D . . . . . Denver, Colo.
Haverhill Manufacturer . . . . . Haverhill, Mass.
Heywood Boot & Shoe Co. . . . . Worcester, Mass.
Hodsdon Manufacturing Co. . . . . Portland, Me.
Leather Merchant.
Lynn Manufacturer (a) . . . . . Lynn, Mass.
Marion Shoe Co. . . . . Marion, Ind.
Reynolds, Bion F. . . . . Brockton, Mass.
Reynolds, Luke W. . . . . Brockton, Mass.
Regal Shoe Co. . . . . Whitman, Mass.
Trevett & Berry . . . . . Lynn, Mass.

[2] Callahan & Meyers . . . . . Allentown, Pa.

the same amount of royalty in each operation that the small shoe manufacturer pays. The writer has never heard even the slightest insinuation or charge against the United Shoe Machinery Company for rebating. This is where the consumer and the small shoe manufacturer alike are protected. This generous principle of helpful one-price royalty treatment of all is part of the success of the company."

Many of the shoe manufacturers express their belief that this objection of some of the large shoe manufacturers to the "one-price royalty treatment" of the United Shoe Machinery Company underlies all the opposition to the Company. An Indiana manufacturer writes:[1]

"We feel sure that this entire agitation against the United Shoe Machinery Company has come from a few sore heads, the same being some of the large shoe manufacturers who would like to get inside terms with the United Shoe Machinery Company which would give them an advantage over their competitors."

A Colorado manufacturer states:[2]

"I have been informed that, for some time, the large manufacturers have been claiming that they should have a much lower royalty than that of the smaller manufacturers. . . . It is quite a well known fact that a few of the exceedingly large shoe manufacturers think they are entitled to all of the business there is in the United States and are willing to get it, regardless of the effect it would have on the smaller manufacturers. We think their action is entirely selfish and that they are not worried in the least regarding the public."

A Massachusetts manufacturer writes:[3]

"A great deal of the adverse criticism of the United Co. has come from certain large shoe manufacturers who seem to think that they should obtain better terms from the United Co. than the smaller manufacturers and it would appear to us that if the United Co. were willing to make special agreements with them, that practically the entire clamor would die out. As far as we can learn, the United Co. have treated everybody exactly alike and it certainly is of advantage to be able to figure the exact cost of the machinery charges in advance."

To the same effect a Lynn manufacturer writes:[4]

"The objectors amongst the manufacturers to the United Shoe Machinery Company, as far as I can learn, have been only

[1] Marion Shoe Co. . . . . Marion, Ind.
[2] Griffith Shoe Co., Charles D. . . . . Denver, Colo.
[3] Heywood Boot & Shoe Co. . . . . Worcester, Mass.
[4] Lynn Manufacturer (a) . . . . . Lynn, Mass.

the ones who could not induce them to give them a rebate in the royalties, and the very fact that the United Shoe Machinery Company have treated all their customers alike is one of the strongest points in their favor."

A Brockton manufacturer says:[1]

"The United Shoe Machinery Company uses every one alike, and the only trouble with the western manufacturers and a few of the large ones here, they do not like it because they cannot get this company to give them a rake off of about 25% on their royalties."

In one way or another, many other shoe manufacturers express this same view. One describes the opposition to the United Shoe Machinery Company as "backed up by the hide and leather interests, which would in a short time constitute a Shoe Trust, and that such a merger has not taken place long ago is only prevented by the non-discriminating policy absolutely maintained by the United Shoe Machinery Company."[2] A Massachusetts manufacturer[3] believes the result of disintegration would be a concentration of the manufacture of shoes in a few large factories with heavy capital.

An Iowa manufacturer writes:[4]

"It is inconceivable to me that a few large shoe manufacturing firms are able to enlist the whole power of the government to tear down (mainly in my judgment for personal reasons) an organization that stands today as the champion of the small shoe manufacturers and is operating in the interest of the development of the shoe manufacturer."

[1] Reynolds, Bion F. ..... Brockton, Mass.
[2] Dixon-Bartlett Co. ..... Baltimore, Md.
[3] Joslin & Co., A. L. ..... Oxford, Mass.
[4] Green-Wheeler Shoe Co. ..... Fort Dodge, Ia.

CONCLUSION

IN THE letters quoted in the previous pages, shoe manufacturers of the United States in their own language tell their own story and express their own judgment regarding the United Shoe Machinery Company. The letters are reprinted complete in the following pages, as they originally appeared in the *Boston News Bureau.* With the aid of the footnotes interspersed throughout the preceding pages, those who so desire may find in them further testimony in support of the statements made. With the exception of the census figures quoted under the heading numbered XVI, every statement contained in the previous chapters is based upon the letters of the shoe manufacturers.

Shortly before the *Boston News Bureau* began publishing these letters, there appeared in it an article dealing with the much discussed sale of Thomas G. Plant's shoe machinery interests to the United Shoe Machinery Company, and also a statement of President Winslow, of the United Shoe Machinery Company, setting forth the Company's position. These have not been drawn upon in the previous pages, but inasmuch as requests for their republication have been almost as numerous as those for the bringing together of the letters from the shoe manufacturers, President Winslow's statement appears towards the beginning of this book, and the Plant article will be found after the *News Bureau* letters. A few additional pages are devoted to other interesting matter pertaining to shoe machinery and the shoe making industry.

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THE BOSTON NEWS BUREAU CANVASS

The Testimony of 268 Manufacturers

Boston News Bureau, Nov. 10, 1911

Boston—The *Boston News Bureau* has endeavored to secure from the shoe manufacturers of the country their opinion of the United Shoe Machinery Company, and to this end addressed a personal letter to them, enclosing therewith a series of questions. It was also requested that any manufacturer who felt so inclined should send any comment, either favorable or unfavorable, which he cared to make. It was distinctly stated that replies would be considered confidential so far as any manufacturer desired.

The responses indicate that a very large percentage of the manufacturers are satisfied with their relations with the United Shoe Machinery Company and believe the company has been of great benefit to them and to the public. Results of the canvass the *Boston News Bureau* will publish in this and subsequent articles.

There have been received to date 315 replies, coming from large and small manufacturers all over the country. Of these twenty-six did not care to answer, four firms have gone out of business, and seventeen do not use United Shoe machines. This left 268 manufacturers whose views are summarized below in percentage figures.

In most cases a direct answer was given to all the questions, particularly where previous opinion could have been formed by experience. To other questions, such as Nos. 6, 8, 12 and 13, the percentage of "blanks" and "doubtful" answers was larger. It will be noted that in question No. 2 the percentage of doubtful is given as 6.3. Included under this heading were those who reported "generally," "to some extent," "about 50%," etc.

Question No. 1 was: "How long have you had business relations with the United Shoe Machinery Company?" All periods of time since the organization of the company were covered by the answers, the average being about ten years.

Answers to the remaining questions were as follows:

	% Yes	% No	% Blank	% Doubtful
2. Have your relations with them been satisfactory to you?.....	90.6	2.6	.3	6.3

	% Yes	% No	% Blank	% Doubtful
3. In your opinion, has United Shoe Machinery Company benefited the manufacturer?	85.8	5.2	6.7	2.2
4. If so, are you of opinion that equal benefit could have been had with the shoe machinery business less concentrated?	10.	71.9	13.	4.8
5. In your opinion has United Shoe Machinery Company made it possible to lower cost of manufacturing shoes, with consequent saving to consumer?	73.9	10.8	10.8	4.5
6. If so, are you of opinion that equal saving could have been made with the shoe machinery business less concentrated?	11.6	60.8	24.6	3.
7. Do you agree with President Winslow that machinery is only item of cost in manufacture of shoes which is lower today than in 1899 when United Shoe Machinery Company was formed?	68.2	8.2	22.	1.5
8. If so, do you think United Shoe Machinery Company is responsible?	50.3	10.4	35.4	3.7
9. Do you object to royalty basis of leasing machines from United Shoe Machinery Company?	11.2	81.7	3.7	3.3
10. Do you think royalties charged are unreasonable, considering quality of service rendered?	12.3	78.	5.2	4.5
11. If you bought all your machines outright, do you think cost per pair of shoes manufactured would be more than under present conditions?	60.8	13.8	11.9	13.4
12. Do you agree with President Winslow that United Shoe Machinery Company return on its capital invested is not as large proportionately as return received by successful manufacturers of shoes?	22.	19.	53.	5.9

	% Yes	% No	% Blank	% Doubtful
13. Do you think that United Shoe Machinery Company has discouraged invention of new machinery in order that its own machines might not be superseded?	15.3	50.3	29.9	4.1
14. Do you believe disintegration of the company would be followed by increased cost of operation, and would therefore mean that price of shoes at retail would have to be raised?	58.9	16.8	19.4	4.8

Letters from shoe manufacturers will follow during this month.

A. L. Joslin Co., Oxford, Mass.

Boston News Bureau, Nov. 11, 1911

A. L. Joslin Co., of Oxford, Mass., one of the oldest concerns in the trade, have had absolutely satisfactory business relations with the company since its formation. They believe that disintegration of the company would be followed by increased cost to the consumer. They write as follows:

"In our opinion a settlement of this matter is of the greatest importance, not only to shoe manufacturers but to the operatives in our factories and the public at large. In case the United Shoe Machinery Co. should be dissolved we can see nothing ahead except increased cost in the manufacture of shoes. We believe it would result in concentrating the manufacture of shoes in a few large factories with heavy capital. In all our dealings with the United Shoe Machinery Co. they have treated us with the utmost fairness; in many cases extending their service far beyond what they were required to do by the terms of their agreement with us.

(Signed) A. L. Joslin Co.
Homer S. Joslin, Pres."

Columbia Shoe Co., Sheboygan, Wis.

Boston News Bureau, Nov. 11, 1911

Columbia Shoe Co. of Sheboygan, Wis., have had dealings with United Shoe since latter company was organized. Relations have been "satisfactory in every respect." They believe the company has been a great factor in reducing cost of shoes to consumer and that if the company were disintegrated price of shoes at retail would "without a question cost more." They write as follows:

"We consider the United Shoe Machinery Co. the best systemized concern in the country, taking in consideration the excellent service shoe

manufacturers are getting through the agencies they have all over the country.

"We always consider ourselves safe in buying things that we need in our business of the United Shoe Machinery Co., as we positively know that we get the same fair treatment that all our competitors get. We consider it disgraceful to attack a concern like the United Shoe Machinery Co. that has done so much for our great shoe industry.

(Signed) Columbia Shoe Co.
Per C. J. Wolf, Pres."

Marion Shoe Co., Marion, Ind.

Boston News Bureau, Nov. 11, 1911

Marion Shoe Co., of Marion, Indiana, have done business with United Shoe Machinery Co. for five years and state their relations have been "entirely satisfactory." They write as follows:

"We take great pleasure in answering the questions you have propounded, although there are some of them which we cannot answer as we would like to do as we have not been long enough in business and are not well enough posted to make a truthful answer and we do not believe in answering questions of any kind unless we are sure that we are saying exactly what we believe; and wherever we have answered your questions, we mean just exactly what we say.

"We feel sure that this entire agitation against the United Shoe Machinery Co. has come from a few sore heads, the same being some of the large shoe manufacturers who would like to get inside terms with the United Shoe Machinery Co. which would give them an advantage over their competitors; but we think that the action of the United Shoe Machinery Co. in treating all alike, whether large or small, instead of receiving censure, should be commended and set up as an example not only for large corporations but smaller business men to follow as well. The very fact of giving inside prices, rebates and whatnot to large firms is the very thing that drives the smaller ones out of business, and the trouble is that most business men in the United States are guilty of doing business along these lines; and the policy that the United Shoe Machinery Co. has taken should be commended, as it is out of the ordinary.

"We would feel as if we were entering upon unknown seas if we did not have a firm like this to look after our machinery end of the business.

"The details of buying leather, findings and material of all kinds, thinking out new styles and patterns, and a thousand and one details of the business are enough to absorb the attention of the best brains that we can muster in the business without having to bother with the details of looking after the machinery end of the business as well. In fact, this is a load lifted off of our shoulders, and not only we but the public at large reap the benefit of cheaper and better shoes.

(Signed) Marion Shoe Co.
A. P. Butterworth."

Richards & Brennan Co., Randolph, Mass.

Boston News Bureau, Nov. 11, 1911

Richards & Brennan Co., of Randolph, Mass., who have done business with United Shoe Machinery Co. since its organization, do not object to the royalty basis of leasing machines "so long as all pay alike." They do not believe United Co. has discouraged the invention of new machinery "and the proof is the marked improvement in ten years."

They write as follows:

"We have done business with the United Shoe Machinery Co. since they were organized, and their service has been very satisfactory. We did business with the independent shoe machinery companies for four years prior to the organization of the United Shoe Machinery Co., and our experience during those four years furnishes positive proof that the United Shoe Machinery Co. has given better service to the shoe manufacturers than the independent shoe machinery companies.

"There is no longer loss of output occasioned by waiting for the agents of the different independent companies, which was common at that time, and the medium or small manufacturers suffered the greatest loss inasmuch as first attention was always given to the larger companies. This, of itself, has been a great help to shoe manufacturers and enabled them, to quite a degree, to lessen the cost of the production of shoes.

"As to the royalty, what fault can any manufacturer find so long as all pay the same rates? The consumer is protected from the fact that if it were not for the present system of the United Shoe Machinery Co. they would have to pay more for their shoes. As to the discouraging of the invention of new shoe machinery, would say we think the marked increase in the past 10 or 11 years as compared with any other 10 years prior to that time, of itself, answers this question.

"We have not, as yet, been able to see where we would profit by a disintegration of the United Shoe Machinery Co., but, in fact, everything to lose when we consider the service of independent companies compared with the service since the United Shoe Machinery Co. was formed.

(Signed) Richards & Brennan Co."

Hillsdale Shoe Co., Hillsdale, Mich.

Boston News Bureau, Nov. 13, 1911

Hillsdale Shoe Co., of Hillsdale, Michigan, have done business with the company since its organization. Relations have been satisfactory. They believe that the United Shoe Machinery Co. has made it possible to lower the cost of shoes to the consumer and think if the company was disintegrated cost would advance. They write as follows:

"We, like all shoe manufacturers in the country, are desirous of keeping the cost of manufacture down as much as possible and are ready at all times to oppose anything that will at any time increase the cost, as we know that if we do not, we will be out of the manufacturing game. Our

competitors are at all times doing this, because the shoe manufacturers of this country, as a rule, are made up of the brainiest and most capable of any class of men in the country in any manufacturing industry. Notwithstanding this, we feel it is our duty at all times to speak well of the bridge that has carried us safely over and in the opinion of the writer (who has been in the shoe manufacturing business even before the organization of the United Shoe Machinery Co., and consequently ought to be well able to judge the different cost and service given at that time and since the organization of that company), we are much better off today than before its organization.

"Not only is the consumer better off, because the manufacturer has been able to produce goods at less cost, but especially the small manufacturer has been benefited. A great many of them would have been out of business, even before they scarcely got started if they were obliged to buy outright a line of machinery sufficient and of such quality to be able to make shoes in competition with the large manufacturer.

"In the opinion of the writer the small manufacturer is the one especially benefited by the United Shoe Machinery Co. It does not make so much difference to the larger and more wealthy one as he can afford it anyway, from the fact that whatever additional he has to pay in the way of royalty he makes up in the less cost in his over-head expenses, which is brought about by the increased amount of his manufacture. We are not saying this because it has been solicited in any way, but because we consider it our duty to speak well of the company, which has shown the small manufacturer a great many favors.

"Trusting this will reply to yours of the 20th, in full, we remain,

(Signed) Hillsdale Shoe Co.

Dict. by F. H. Welch."

Charles D. Griffith Shoe Co., Denver, Col.

Boston News Bureau, Nov. 13, 1911

Charles D. Griffith Shoe Co., of Denver, Colorado, has had satisfactory relations with United Shoe for 6½ years. They believe the company has made it possible to lower the cost of shoes to the consumer. They think disintegration of the company "would increase the cost of manufacture, but might not be sufficient to affect the consumer." They write as follows:

"We are small manufacturers, and feel confident that it would be quite a detriment to us and all small manufacturers should the United Shoe Machinery Co. dissolve or be compelled to sell the machinery outright.

"The great difficulty, I believe, in this matter, is that the intention is, if possible, to destroy the United Shoe Machinery Co., a large combination (if you please), to enable a still larger combination, *i. e.*, the large shoe manufacturers, to control a much larger trade, which affects the same class of people, and to a larger extent. I have been informed that, for some time,

the large manufacturers have been claiming that they should have a much lower royalty than that of the smaller manufacturers.

"Before the United Shoe Machinery Co. brought the machines all together so completely, it was almost impossible (if not entirely so) for a small manufacturer to get his line of machinery and to keep them and the improvements up-to-date, to enable him to compete with the large manufacturers.

"Of course, we appreciate and believe the profits of the United Shoe Machinery Co. are large and that it might be done for a great deal less, and we should like to see the royalty reduced; however, we cannot see where we could line up the machinery to do the same work and have the same attention for any less money, or even for the same money, that is now being done by the United Shoe Machinery Co.

"It is quite a well known fact that a few of the exceedingly large shoe manufacturers think they are entitled to all of the business there is in the United States and are willing to get it, regardless of the effect it would have on the smaller manufacturers. We think their action is entirely selfish and that they are not worried in the least regarding the public.

"You are perfectly welcome to use our name if you desire, as this is our honest opinion.

(Signed) The Charles D. Griffith Shoe Co.
Charles D. Griffith, Pres."

T. H. Eisenhuth Co., Williamsport, Pa.

Boston News Bureau, Nov. 13, 1911

T. H. Eisenhuth Co. of Williamsport, Pa., have had satisfactory relations with United Shoe Machinery Co. since its inception and believe that it has benefited the shoe manufacturer, "especially the smaller manufacturer." They object to some clauses in the leases, but do not think that the royalties charged are unreasonable to smaller manufacturers. They feel that the inventor does not have the same incentive that he had before the organization of United Shoe Machinery Co. They write as follows:

"We believe that the present policy of the company is a decided benefit to the smaller manufacturers, inasmuch as it places them on an equality with their larger competitors so far as the company's line of machinery is concerned and enables men of small means to engage in the manufacture of shoes. The service which the company renders is of an exceptionally high order, and I very much question whether the standard of this service would be maintained if the United Shoe Machinery Co. were to be dissolved. While there are some features in the leases put out by the company which I deem unjust, however, I feel that the advantages to be gained overbalance these disadvantages.

"You are privileged to use our name if you so desire.

(Signed) T. H. Eisenhuth Co.
T. H. Eisenhuth, Pres."

Allen-Foster-Willett Co., Lynn, Mass.

Boston News Bureau, Nov. 13, 1911

Allen-Foster-Willett Co. of Lynn, Mass., have done business with United Shoe Machinery Co. for 15 years. Relations been satisfactory. They believe that the company has made it possible to lower the cost of shoes to the consumer and that disintegration would mean increased operation and increase in price of shoes at retail. They write as follows:

"The writer has had very extensive dealings with the United Shoe Machinery Co. covering a period of about 15 years, ten years of which he was connected as superintendent and manager of the Joseph Caunt Co. of Lynn, and would like to say that during that entire period, the assistance that he got from the United Shoe Machinery and their methods of putting out the very best and latest improved machines was a great factor in the success and up-building of that concern.

"Four years ago the writer organized the present company and wishes to go on record to say that if he had to go out on the market and buy the machinery outright he would have been very seriously handicapped in getting this company under way, and it is safe to say that the present business would not have reached one-quarter of the proportions it has if we had had to take our capital and put it into machinery. We are quite clear that even if this could be done the cost of producing shoes would be greatly increased by the method.

"We feel that the United Shoe Machinery Co. is, and has always been of inestimable value and benefit to the shoe manufacturers both large and small, with their splendidly equipped plant and large corps of experts that are at the service of the manufacturers at any time.

(Signed) Allen-Foster-Willett Co.
By Frederick Allen."

Luke W. Reynolds, Brockton, Mass.

Boston News Bureau, Nov. 13, 1911

Luke W. Reynolds of Brockton has done business with the United Shoe Machinery Co. since 1898. Relations have been satisfactory "with very few exceptions." Mr. Reynolds in answer to question 13 says that "in a business way United Shoe Machinery Co. has discouraged the invention of new machinery." He writes as follows:

"As to question No. 13, I believe that the United Shoe Machinery Co. have done the same as any body of men would do who are trying to build up a business.

"As for myself, I believe that the United Shoe Machinery Co. is the only branch of the shoe industry left that protects the small manufacturer, and that the same element that are trying to dissolve this company are the ones that have caused the change in terms of leather, which is in the favor of the large manufacturer and if they could have succeeded in getting THEIR royalties LOWER than the small manufacturer this never would

have been put before the Federal Government. My belief is that the same element are trying their best to get the shoe business as near a trust as possible, and if they should succeed in disintegrating the company the small manufacturers have lost their best friend in the shoe business, and if we do not have the small manufacturers where will we get the large manufacturers later?

(Signed) Luke W. Reynolds."

Farmington Shoe Manufacturing Co., Farmington, N. H.

Boston News Bureau, Nov. 13, 1911

Farmington Shoe Manufacturing Co., of Farmington, N. H., has done business with United Shoe Machinery Co. for 15 years. Their answer to question 2—"Have your relations been satisfactory to you?"—was "Yes, none better." They say that the Shoe Machinery Co. has benefited the manufacturer in every way and they do not believe that much benefit could have been had with the Shoe Machinery business less concentrated. They think the company has made it possible to lower the cost of shoes to the consumers and believe that this could not have been accomplished under other conditions. They do not object to the royalty basis of leasing machines, and add: "We like it." They further say: "United Shoe Machinery Co. is the finest, most courteous and obliging company in the world."

Callahan & Meyers, Allentown, Pa.

Boston News Bureau, Nov. 14, 1911

"We are glad to answer the questions submitted to us; only sorry you do not go deeper into the subject. Will make some remarks, answering the questions more in detail.

"1. Have been in business seven years. Could not have attempted starting in the shoe manufacturing business unless it had been for the easy method the United Shoe Machinery Co. had of leasing their machines.

"2. United Shoe Machinery Co. have been very helpful to us in the matter of instructing such help as we have in the handling of their new machines and newer methods in shoe making. Their policy helps the shoe manufacturer very much.

"3. Their representatives constantly keep the shoe manufacturer in touch with the newer methods of shoe making; many short cuts are thus made. Consequently, a great saving of time, energy and money.

"4. If the manufacturing of shoe machinery were in many hands, large number of experimental machines would be built and sold, many of which would be complete failures. As it is, the United Shoe Machinery Co. try out thoroughly with a competent force any new idea, and, if practical, put them on the market; thus protecting the shoe manufacturer, and thereby saving them a great deal of time and money.

"5. The saving of time (money) in experimenting with new machines,

shortening operations, the ever-ready assistance and active help, all assist in the low cost of footwear. There is absolutely no other article of wearing apparel which costs so little when the number and cost of machines, number of operations, the skill required of each operator, is considered.

"6. The United Shoe Machinery Co. is responsible for the above conditions in their generous way of leasing machinery, instructing and assisting the shoe manufacturer. This condition could not possibly be with a dozen or more shoe machinery companies in existence, as the cost of keeping such a force of competent men on the road, would, for the individual shoe machinery company, be prohibitive.

"7. During the past seven years (my own experience), practically everything that a shoe is made of has advanced in cost, except such supplies and machinery as the United Shoe Machinery Co. sell or control.

"8. The United Shoe Machinery Co. by controlling the many findings, nail, tack and other manufacturing concerns, have held price about where it was seven years ago.

"9. The matter of royalties is a matter of saving to the shoe manufacturer; consequently to the consumer. Many operations as done formerly without the use of United Shoe Machinery Co.'s machines, cost from double to, in many instances, as much as five times the cost of the present royalties. The objection raised by a few very large shoe manufacturers that are paying immense sums in royalties is that they must pay the same amount of royalty in each operation that the small shoe manufacturer pays. The writer has never heard even the slightest insinuation or charge against the United Shoe Machinery Co. for rebating. This is where the consumer and the small shoe manufacturer alike are protected. This generous principle of helpful one-price royalty treatment of all is part of the success of the company.

"10. When matter of low-price lease, installation, instruction of help, repairing of machines (parts only paid for) is considered, one must realize that only in a very large volume of business would it be possible to make the price of royalties so low.

"11. If our concern were obliged to purchase outright such new machines, as we use, and charge 10% depreciation instead of about 7%, as charged by the United Shoe Machinery Co., our manufacturing cost would be higher. This does not take into consideration the question as to whether we, as well as many others, could handle this question, from a financial standpoint; personally, I have never enumerated the value of machines owned by the United Shoe Machinery Co. in use by us.

"12. There is no shoe manufacturing concern in this country (or any other) that can begin to compare with the success of the United Shoe Machinery Co.

"The writer has had the pleasure of visiting many of their offices, as well as their manufacturing plant at Beverly, Mass. One must have the benefit of a similar experience fully to realize the success the United Shoe

Machinery Co. has achieved. Success means money. Constant, kindly, courteous consideration in the handling of their many patrons, the smallest of which are accorded just as much consideration as any of the larger concerns (this is speaking from personal experience); and successful handling of the minutest details are some of the reasons of their financial success.

"13. In visiting the United Shoe Machinery Co., the writer was surprised at the number of competent and highly efficient men constantly employed in their experimental department. My judgment is that practically every operation in shoe manufacturing is being constantly analyzed and improved by men trained in this line of work, which has cost untold millions of dollars, and which the lease and royalties system must indirectly sustain.

"14. Your last question is one of extreme importance. There is only one possible answer. Positively, Yes. Should the courts find the United Shoe Machinery Co. has been doing business contrary to law, and disintegrate the company, it would not, in the writer's opinion, be a matter of more than ten years before the shoe manufacturing business would be in the hands of a few (say, ten or a dozen concerns), as these concerns, some with a capital of $20,000,000, or more, could and would buy all or any machines that would advance their interests.

"The small or middle-sized shoe manufacturing concerns, by reason of not being able to finance their machinery account, would be forced to close up; fully 60% of the shoe manufacturing concerns would be in this class. The larger concerns, having less competition and more demand, would advance prices on all kinds of footwear. There would be practically no limit in the advance of price because of their complete control of the situation.

"So many of the people, even some of the shoe manufacturers, have not fully considered this question.

"In conclusion, I know for a positive fact, that at this time any reputable man of reasonable means can go to the United Shoe Machinery Co., tell them he wants to go into the shoe manufacturing business; the company will furnish party with building plans, factory lay-out, install machinery, furnish competent foreman, and instruct on all machines. The only requisite on the party entering the shoe manufacturing business is that he be a competent business man. He need not know anything about shoe manufacturing. Could it be possible for any number of well intending shoe machinery manufacturing concerns separately to handle such a matter? No, a thousand times, No!

Yours very truly,

(Signed) Callahan & Meyers.
by William J. Callahan."

Question 14 was:

[14—Do you believe that disintegration of the company would be followed by increased cost of operation, and would, therefore, mean that price of shoes at retail would have to be raised?]

Lynn Manufacturer, Lynn, Mass. (a)

Boston News Bureau, Nov. 15, 1911

A large Lynn manufacturer, who has had 12 years of "very satisfactory" business relations with United Shoe Machinery Co., says that the company has made it possible to reduce the cost of production with consequent saving to the consumer. He writes as follows:

"To my mind, the United Shoe Machinery Co. has done more to advance the quality of good shoe making in this country, since its organization, than any other one factor in the trade, and it seems to me that for the small amount of royalty charged, the return to the public is manifoldly greater, for I think that everybody who knows anything about the shoe business will agree that the public today receive more in their shoes than any other article of apparel.

"The condition of the shoe manufacturing business is such that a comparatively small proportion of those in the business figure their shoes at a profit and if the royalty should be reduced on the shoes, they would figure it that much less, and yet the public would get no particular benefit from it, as shoes are sold at fixed prices.

"One great advantage in dealing with the United Shoe Machinery Co. has not been touched, to my knowledge, in the public print, and that is the great value to a manufacturing organization of having its plant run to the maximum capacity.

"Under the old system we were obliged to purchase our machinery from different people, and in case of a break-down it was sometimes two or three days before we could get the right man to repair the machines.

"Today the Machinery Co. keeps scores of men on their pay-rolls all the time, and immediately a machine breaks down we can have a man in our factory in an hour's time to work on the broken machine.

"When you consider that one machine on some parts takes care of the work of eight or ten on other parts, you can readily see that a breakdown of an important machine will make a great congesting of the factory and hold up its output.

"Another point very much in their favor is that as fast as improvements are made in the machinery, the manufacturers are given the benefit of this at practically no cost to themselves, whereas under the old system we were obliged to sacrifice nearly the full price of a machine that had passed into obsolesence in the purchase of a new one of improved pattern to take its place.

"I feel that the more the public knows of the doings of the United Shoe Machinery Co. the stronger will their position be. Not only have they not advanced the royalty that was charged by the companies who were independent before the consolidation, but they have reduced royalties in some cases, and as Mr. Winslow says, the cost of machinery in the shoe business today is the only item of expense that has not advanced in the last ten years.

"I would like to say one more thing. The objectors amongst the manu-

facturers to the United Shoe Machinery Co., as far as I can learn, have been only the ones who could not induce them to give them a rebate in the royalties, and the very fact that the United Shoe Machinery Co. have treated all their customers alike is one of the strongest points in their favor."

Southern Manufacturer

Boston News Bureau, Nov. 15, 1911

One of the largest manufacturers in the South writes as follows:

"We have found the service and methods of the United Shoe Machinery Co., on the whole, very satisfactory, and we feel sure that we have devoloped our shoe manufacturing business more successfully and economically under their system than we would have done in dealing with a number of competing machinery companies.

"In a word, our opinion is that there is no serious criticism to be made as to the service of the United Shoe Machinery Co., nor as to its methods. The objection, in our mind, is to the "letter" and what we consider the rather vicious tendency of their contracts or leases, provided they were enforced by a company who were disposed to stand on their rights as to the letter of the lease, rather than to pursue the liberal policy which has prevailed up to this time. Fundamentally, one of the most serious objections to the system, to our mind, is that it undertakes to perpetuate a monoply guaranteed by our patent laws, after the expiration of the patent. By the system in use, of "tying" the different machines and leases together the actual operation of it gives the company practically a perpetual monopoly and shuts off all competition, for all time except in such a case as the Plant experience, which is not likely to be duplicated, for any practical purposes in the near future.

"Another unsatisfactory feature of the lease is that your machinery, instead of representing an asset, represents a doubtful and unknown, and maybe very serious liability, in that it provides that, at the expiration of the lease, the machines must be sent back to the company's shops and the lessee pay whatever amount may be charged for rebuilding these machines.

"We believe that the United Shoe Machinery Co. can survive and fill its present important position upon its merits, without relying upon the harsh and objectionable features of its system of leases. If the courts would prescribe a simple contract, eliminating the objectionable features, I think it would be of much benefit to the trade and relieve the Machinery Co. of its present very serious odium."

Emerson Shoe Co., Rockland, Mass.

Boston News Bureau, Nov. 16, 1911

Emerson Shoe Co., well known as manufacturers, and owners of retail stores all over the country, write as follows:

"We have done business with United Shoe Machinery Co. since the company was incorporated. Our business relations have been satisfactory in

every way and, in our opinion, the company has benefited the shoe manufacturer.

"In our opinion, the concentration of the shoe manufacturing business by them has benefited the manufacturer and also lowered the cost of manufacture, with a consequent saving to the consumer. We do not think that equal saving could have been made with the shoe manufacturing business less concentrated.

"We are inclined to agree with Pres. Winslow that machinery is the only item of cost in the manufacture of shoes which is lower today than in 1899, when the United Shoe Machinery Co. was formed. We are certainly of the opinion that the United Shoe Machinery Co. is to a large extent responsible for lower cost of manufacture. We, naturally, object to the royalty basis of leasing machines from the company, but consider it necessary for them to place their machines on a royalty basis for the best conduct of their business.

"We are of the opinion that the company possibly might reduce their royalty to some extent and still make a reasonable profit. If we bought all of our machines outright, we feel that the cost per pair of shoes manufactured would be more than under present conditions.

"We are not in a position to give an opinion as to whether the United Shoe Machinery Co.'s return on the capital invested is not as large proportionately as the return received by successful shoe manufacturers.

"We hardly think the company has discouraged the invention of new machinery to any extent, in order that its own machines might not be superseded.

"We feel that disintegration of the company would be followed by increased cost of operation and it would therefore mean that the price of shoes at retail would have to be raised.

"In conclusion we submit that our relations, as a whole, with the company have been very satisfactory, and with the exception of a somewhat modified lease or contract the shoe manufacturer is decidedly in a better position and better taken care of than could be possible under conditions where the manufacturer was obliged to buy machines outright of the different machine companies which would no doubt spring into existence immediately upon the disintegration of the United Shoe Machinery Co.

(Signed) Emerson Shoe Company.
C. O. Emerson, Treas."

The Royal Shoe Co., Randolph, Mass.

Boston News Bureau, Nov. 16, 1911

The Royal Shoe Co., of Randolph, Mass, have done business with United Shoe Machinery Co. since 1905, and relations have been "wholly satisfactory." They are of opinion that if they had to buy their machines outright cost per pair of shoes would be more. They add "if we were obliged to buy all our machines outright we would have no money left to

conduct our business." The further say: "We speak from the standpoint of the small manufacturer. The United Shoe Machinery Co. has been our benefactor and we are willing the world should know it. It has not only supplied machines which we should be unable to purchase outright, but it has furnished skilled workmen when needed. Its treatment of us has been uniformly courteous and helpful, and so far from showing any disposition to crowd, it has been consistently lenient and has repeatedly refrained from exacting many of the requirements of its leases. We will explain in detail to any one who may desire to know further of our experience.

(Signed) Royal Shoe Co.
By Joseph T. Leahy."

R. P. Hazzard Co., Gardiner, Me.

Boston News Bureau, Nov. 16, 1911

R. P. Hazzard of Gardiner, Me., has done business with United Shoe Machinery Co. since its organization. Relations have been satisfactory. Mr. Hazzard agrees with President Winslow that machinery is the only item of cost in the manufacture of shoes which is lower today than in 1899, when United Shoe Machinery Co. was formed. He says it is fair to "give the United Shoe Machinery Co. the credit." He does not object to leasing machines on royalty so long as all manufacturers are used alike. He writes as follows:

"I am frank to say that I consider the United Shoe Machinery Co. as being one of my best friends, and it has done as much to make this business the success which it is as any assistance we received outside of our own organization. I would regret exceedingly to have the federal government take any action which would materially destroy the present policy of the United Shoe Machinery Co. In a company as large as this there are bound to be some things which are not entirely satisfactory to every one, but I think they are as free from this as is possible for a concern of their size to be, as they have the opportunity to be a little overbearing should they so desire.

"The principal idea in all of their organization with whom I have come in touch seems to be to co-operate in every way possible with the manufacturer.

"There are one or two little things in regard to leases which I think might be changed to advantage, particularly in regard to rental charges on certain machines, which with the way they have worked it out makes the machine—I think—more expensive to the manufacturer than if he bought it outright. This particular feature, for some reason, has never been discussed as far as I can see, and as it is of minor importance does not particularly affect the present situation, as the manufacturer can buy the machine outright if he so desires and undoubtedly the United Shoe Machinery Co. would be willing to be reasonable in any changes that

seemed to be fair if the matter was taken up with them in the proper manner.

(Signed) R. P. Hazzard."

Dixon-Bartlett Co., Baltimore, Md.

Boston News Bureau, Nov. 17, 1911

Dixon-Bartlett Co. of Baltimore write as follows:

"We are obliged to you for this opportunity to make public our experience. We will also give our opinion as to the standing of the United Shoe Machinery Co. with us, their treatment of our account with them, and the position they occupy to the shoe manufacturers of this country.

"Our company has been manufacturing women's shoes—McKay and Goodyear sewn—for 40 years. We traded with all the shoe machinery companies individually prior to the formation of the 'United' and since the formation, continually with the 'United' up to the present time.

"We are in the class of small manufacturers operating a factory at a distance of 500 miles from the shoe machinery centers.

"In the old days we purchased outright all machinery, which resulted in a heavy drain upon the business to keep up with 'new inventions.' So much so, that frequently we ran along for years, rather than make an expenditure which would render useless an investment we already had. Our repair bills were constant, and the work being done by such machinists as were available, was unsatisfactory. When a bad break came it was not unusual to be compelled to shut down that department several days until an expert could reach us from the 'home office.'

"The bill rendered us by the machine company attending to such repair work, included beside the actual time and material put upon the job, railroad fares, hotel bills and the value of the mechanic's time consumed on the entire trip. Added to this the loss of non-production from disabled department.

"The aggregate of machines in use was represented by all ages;— modern, semi-modern, old and very old. The average could be safely styled 'old,' since at no time was the equipment in its entirety strictly 'up to date.' In contemplating a sales value, the average was the only basis upon which to reckon a price. Therefore, the advantage of ownership was reduced by the percentage of antiquated machines then in use. So much for the Old Plan.

"Under the United system we have a strictly modern equipment from start to finish. Machines are mostly installed by our preference upon the royalty basis or loan lease, although we have some machines purchased outright.

"The service they render to us is most excellent and satisfactory.

"The company maintains an office here with mechanics available on call, or when necessary they are supplied from their Philadelphia branch office, two hours away where stock rooms and store houses are maintained.

"Following the re-establishment of our factory after the great Baltimore fire of 1904, the 'United' equipped our plant by a complete installation of their most modern types of new machinery inside of two weeks' time, supplied men for the work in all departments, and continuing them upon the work until the new plant was in full operation and smooth running order, with an initial cost to us of one-half the book value of our old machinery account, a figure representing less than one-quarter of its original cost.

"With our present equipment and figuring by proportion, we are producing 50% more shoes than we ever made in our old plant.

"We are perfectly aware that we are paying for this service and these rental values are a profitable return to the United Company, but we are also convinced that we pay no more than our competitor, to whom they give the same service, or to whom they lease a similar machine, or sell supplies.

"And since this efficiency of service is at times worth more than money to us, and from the fact that we—with the United Shoe Machinery Company—are today making and selling to our customers (all cost and royalties figured in) more shoes and better shoes for less money than we ever did in the 'old days' we claim the consumer is deriving a material benefit, and we, with our customers, are satisfied.

"Should the Federal Government win its case now pending against the 'United' and order a disintegration of the Company, we believe that, within the next few years, a great consolidation would take place among the large shoe manufacturers, backed up by the hide and leather interests, which would in a short time constitute a Shoe Trust, and that such a merger has not taken place long ago is only prevented by the non-discriminating policy absolutely maintained by the United Shoe Machinery Company.

(Signed) Dixon-Bartlett Co.,
Wm. A. Dixon, President."

Fargo Shoe Manufacturing Co., Belding, Mich.

Boston News Bureau, Nov. 17, 1911

Fargo Shoe Maunfacturing Co. of Belding, Mich., have had satisfactory business relations with the United Shoe Machinery Co. for ten years. They do not object to leasing machines on royalty nor do they think the royalties charged are unreasonable, although they state that if machines were bought outright there would be very little difference in the cost of shoes compared with present costs. They write as follows:

"In our opinion the shoe manufacturers, particularly the small ones, should appreciate the concentration of the shoe machinery business. They have better service and better machines than they could buy, and with practically no capital invested. The royalty does not affect the consumer one way or the other; by the time the shoe reaches the retailer that small item is lost sight of. Some machinery concerns, also some inventors,

may have been used arbitrarily, but this is an age of the survival of the fittest.

"So long as all leases are uniform and there are no rebates to large concerns, and the United Shoe Machinery Co. does not operate any factories or form a combination with the packers, the shoe manufacturers have no 'holler' coming. The machines and service are all that could be desired and the rates reasonable.

(Signed) Fargo Shoe Manufacturing Co."

W. H. Lee, Memphis, Tenn.

Boston News Bureau, Nov. 18, 1911

W. H. Lee, of Memphis, Tenn., has done business with the United Shoe Machinery Co. "for 16 years." Relations have been satisfactory. He believes that disintegration of the company would mean that prices of shoes at retail would have to be raised. He thinks that United Shoe Machinery Co. not only has not discouraged invention of new shoe machinery, but has "helped inventors." He writes as follows:

"I have a number of shoemaker friends who started with independent shoe machines, but most of them have given them up and put in the United Shoe Machinery Co.'s machines. I have two brothers who have some independent machines and they are anxious to give them up and put in the United machines.

"I do not think any shoe manufacturer can make shoes in the South and make a success with independent machines.

"United Shoe Machinery Co. has at all times treated me right. The man with small capital cannot go into the manufacturing of shoes without United Shoe Machinery Co.

(Signed) W. H. Lee."

Pratt Shoe Co., Natick, Mass.

Boston News Bureau, Nov. 18, 1911

Pratt Shoe Co. of Natick, Mass., have done business with the United Shoe Machinery Co. "ever since the company started." Relations have been satisfactory. They say that the United Shoe Machinery Co. has "most assuredly" benefited the shoe manufacturer and that such benefit would not have been possible with the business less concentrated. They do not object to leasing machines on royalty nor do they think the charges are unreasonable. If machines were brought outright they believe that the cost per pair of shoes would be more and if the company were disintegrated the price of shoes retail would have to be raised.

They write as follows:

"We fully believe that if the dissolution of the United Shoe Machinery Co. be completed, or if the principle of leasing machines be abandoned, shoe manufacturers of the United States would be greatly handicapped, as compared with the present system they are now operating under.

"We can only add that our experience with the United Shoe Machinery Co. has been of the greatest assistance to us as shoe manufacturers during the past fifteen years we have been doing business. We should feel very sorry indeed to find any change of conditions forced upon manufacturers by legislation or otherwise, alone the lines that many have suggested, of the outright purchase of all machines.

"We would be glad to answer any further questions you may suggest at any and all times.

(Signed) Pratt Shoe Co.
A. W. Brooks, Treas."

Trevett & Berry, Lynn, Mass.

Boston News Bureau, Nov. 18, 1911

Trevett & Berry, of Lynn, have had satisfactory relations with United Shoe Machinery Co. for two years. They say that United Shoe Machinery Co. has benefited them because "we feel that it enabled us to get into business." They believe that the United Co. has lowered the cost of manufacturing shoes with consequent saving to the consumer, and that equal saving could not have been made with the business less concentrated. They write as follows:

"We believe that the disintegration of this company would be a very serious blow to the smaller manufacturer like us, doing a business of $100,000 to $150,000 a year.

"At present we are enabled to use all of our capital in the actual business of manufacturing and any method that made it necessary to tie up any considerable amount in machinery would make it impossible to do the same volume on the same amount of capital.

"It would also make it much harder for small concerns to start in business, and by concentrating the business in the hands of capitalists, the eventual result would be higher prices for shoes due to lack of competition.

"I believe this whole question has been raised by a few large manufacturers who wish to get a better deal from the Machinery Co., than their smaller competitors.

"The company uses us all alike, and as long as it does they are a distinct benefit to the trade and consumer both.

"In this I speak from the viewpoint of a shoe manufacturer; perhaps the machinery trade would not agree with me.

(Signed) Trevett & Berry,
L. O. Berry."

Wolfe Bros. Shoe Co., Columbus, O.

Boston News Bureau, Nov. 18, 1911

Wolfe Bros. Shoe Co., of Columbus, Ohio, have been customers of United Shoe Machinery Co. since its organization. Relations have been satisfactory. They write as follows:

"United Shoe Machinery Co. has served the manufacturer faithfully and efficiently, and with machinery business in a variety of hands the manufacturers could not have received as good service. We believe that the company has been one of the most important factors in the development of the shoe industry and with business less concentrated costs would certainly have been more. Most items that go into shoes are certainly higher than in 1899; some of them very much higher and we believe that President Winslow's statement is correct, that shoe machinery is the only item that is lower.

"The royalties of the United Shoe Machinery Co. are not excessive; they must have some method of getting paid for services rendered.

"We believe that disintegration of the company would be followed by increased cost of machinery to the manufacturer, and of necessity, prices of shoes at retail would have to be raised.

"There never has been a day in the history of the shoe business when a firm or man could enter into the manufacture of shoes with as little capital invested in machinery as he can at the present time. There has never been a time in the history of the shoe business when there has been as good service rendered to the manufacturer by any or all machinery companies.

"Business war upon the United Shoe Machinery Co. will mean increased cost of machinery to the manufacturer and less efficient services.

(Signed) Wolfe Bros. Shoe Co.
By Willaim M. Woodbury, Supt."

Blum Shoe Manufacturing Co., Dansville, N. Y.

Boston News Bureau, Nov. 20, 1911

Blum Shoe Manufacturing Co. of Dansville, N. Y., write as follows:

"We are pleased to embrace the opportunity of signifying our approval of the business methods of the United Shoe Machinery Co.

"Ever since the organization of the United Shoe Machinery Co. we have enjoyed pleasant business relations with them and deeply deplore the attitude of the government in attempting to curtail their operations.

"We believe that if the company were forced to dissolve the manufacturers would be subjected to an increased operating expense, which must necessarily be added to the retail price of shoes.

"Your efforts to gather expression from the shoe manufacturers is to be commended and we trust that you will secure a frank expression of opinion.

(Signed) Blum Shoe Mfg. Co."

J. F. Cloutman & Co., Farmington, N. H.

Boston News Bureau, Nov. 20, 1911

J. F. Cloutman of Farmington, N. H., writes as follows:

"As a shoe manufacturer it has been very gratifying to me to note the

attitude taken by the *Boston News Bureau* upon the Shoe Machinery question.

"As a small manufacturer I will state unconditionally that I have always received the utmost consideration from the United Shoe Machinery Co. in every way, not only through its prompt and efficient service and the courtesy of its representatives, but also through many helpful suggestions made voluntarily by the officials of the home office.

"I can at present recall no instance where unfair discrimination has been used by the United Shoe Machinery Co. and should a dissolution of the company be brought about as a result of the present agitation, I should consider it nothing short of a calamity which would necessitate not only an entire change in the methods of every manufacturer, but in some instances might put them completely out of business.

"I shall look with interest to your campaign in this matter and when true conditions are properly presented I feel sure that the outcome will be a continuance of the United Shoe Machinery Co. and its present relations to the shoe manufacturing industry.

(Signed) J. F. Cloutman."

Massachusetts Manufacturer

Boston News Bureau, Nov. 20, 1911

A Massachusetts manufacturer who does not wish his name published, writes as follows:

"Having had long experience, going back to the time before any machines were in use, except the pegging machines and those in a limited way, I believe that on the whole the chances for success in all respects of the business would have been better had competition remained as it was before the time of the United Shoe Machinery Co., still for young firms starting in the business since the inauguration of this company, it is not hard to understand how they may have felt a benefit from this company.

"We have no objection to the United Shoe Machinery Co. doing all the business that they can. What we think is decidedly wrong is for them to say, that we shall not use other machinery, and to hint or say in plain English that we had better remove other machines that have been doing equally well or better than theirs.

"We are contemplating putting in a line of welt machinery. It is strongly hinted that unless we put out these other makes of machines, we cannot get from them a line of their machines for this branch of the business. Furthermore, it has been broadly hinted more than once that their men are liable to do injury to other machines than theirs, which the manufacturer might have in use. We feel that this is a very serious reflection against the integrity, yes, against the best interests of any company."

Lynn Manufacturer, Lynn, Mass. (b)

Boston News Bureau, Nov. 20, 1911

A Lynn manufacturer writes as follows, asking that we refrain from using his name:

"We are very glad to be able to say that in our opinion, United Shoe Machinery Co. has been a benefit to the trade, and to the people, generally speaking.

"It is our belief that they have brought up to a high efficiency the machinery used in the manufacture of shoes, and at a reasonable cost; all things considered.

"One thing, especially, which appeals to us, is that all are treated alike; the large and the small.

"It would seem to us, however, that some regulation limiting the control of any one company to reasonable limits, would be advisable and beneficial. If it could be arranged that when a machine is invented, which in the opinion of the shoe manufacturer is a better one than a similar machine put out by the Shoe Machinery Co., that there should be some way for the manufacturer to adopt this machine, and still not be deprived of the use of other machines in that particular department, offered us by the company.

"Generally speaking, we think the method is a good one, and do not hesitate a moment in saying that the company has been beneficial to the trade in general."

Green-Wheeler Shoe Co., Fort Dodge, Iowa

Boston News Bureau, Nov. 21, 1911

Green-Wheeler Shoe Co., of Fort Dodge, Iowa, write as follows:

"We think you have taken a very commendable plan to ascertain the consensus of opinion of the shoe manufacturing industry in United States as to their attitude toward the United States Shoe Machinery Co. This firm is unqualifiedly in every respect favorable to the present method of procuring their supply of shoe machinery.

"You will notice in answer to question 11 that I refer to letter for further answer. This question while necessarily on your part is abbreviated, does not by any means cover the entire field as to a large proportion of the shoe manufacturers in their relation to the United Shoe Machinery Co. What I mean is that while there would be a material increase in cost to the shoe manufacturer on machine account if we had to operate under the old system or a different system than is now in operation, there would be a serious question as to whether or not we could procure sufficient number of expert machinists to look after our repairs and teach new operators and could get them when we need them. In other words, it requires exceptional

ability on the part of a machinist to take care of these machines and keep them in repair and to teach new operators. Instead of concentrating this as it is under the present form, we would have numerous other firms to deal with who could not furnish such without a considerable extra cost. If we had to do it ourselves we could not procure sufficient number of expert machinists. This question is so broad and covers so many points and is of such vital interest to the continued development of the shoe manufacturing industry that it is inconceivable to me that a few large shoe manufacturing firms are able to enlist the whole power of the government to tear down (mainly in my judgment for personal reasons) an organization that stands today as the champion of the small shoe manufacturer and is operating in the interest of the development of shoe manufacturing. Should the government in its blindness succeed in dissolving the United Shoe Co. and compel the shoe manufacturing fraternity to go back to antiquated methods or to methods untried it would mean the death knell of numerous concerns located all over the United States who are today making a reasonable profit and who are aiding and stimulating the development of this industry over our entire nation.

"The writer took it upon himself last summer to answer an article that appeared in *Hampton's* magazine (I think probably one of the first articles that appeared in condemnation of the Machine Co. written by one Judson Welliver, who I am sorry to say is an Iowa product and has developed into a sensational magazine writer). The article was so unjust and so unfair that the writer felt called upon to answer some of his misleading statements and point out the fallacy of his argument which was based entirely upon the wrong premises in that he took the aggregate business of the United Shoe Co. and tried to show (and probably did to a large number of disinterested and uninformed public) that the people were being grafted by the United Shoe Co. to the tune of many millions a year and consequently the people were paying more for their shoes than they ought to. He should have confined himself to the unit of compensation, that is, the price per pair paid to the Machine Co., which when compared with the price paid by retail by the consumer, say $4.00 or $5.00 a pair, the figure of 4½ cents a pair on women's fine shoes is infinitesimal and insignificant. This price of 4½ cents a pair, in my judgment, would be increased three or four fold under the old methods besides the inconvenience, worry, and in my judgment, impossibility of procuring competent, expert machinists and at the time when needed.

"I have no objection to your showing this letter, if you care to, to the officials of the United Shoe Machinery Co. for I feel that the fight is on and that they deserve our sympathy and our help. I am incensed beyond measure that the government should be inveigled into a matter of this kind to the hurt of many hundreds of small shoe manufacturers who will be vitally affected and consequently the consuming public who are today

receiving the cost of lower shoes as considered in regard to the particular matter of the machine charge.

(Signed) Green-Wheeler Shoe Co.,
R. O. Green, Secy."

[Question No. 11 was: If you bought all your machines outright, do you think the cost per pair of shoes manufactured would be more than under present conditions?]

The Lounsbury & Soule Co., Stamford, Conn.

Boston News Bureau, Nov. 21, 1911

Lounsbury & Soule Co. of Stamford, Conn., write as follows:

"We have had business relations with the United Shoe Machinery Co. ever since it was formed. These relations have been satisfactory to us, and in our opinion the United Shoe Machinery Co. has been a benefit to the shoe manufacturers.

"It might be that equal benefit could have been had if the shoe machinery business was less concentrated but that benefit was never shown by our experience previous to the formation of the United Shoe Machinery Co.

"There is no doubt in our mind but that the United Shoe Machinery Co. has made it possible to hold the cost of manufacturing shoes down to a low level and that the consumer has reaped the benefit of this saving.

"Our experience previous to the formation of the United Shoe Machinery Co. would not lead us to believe that an equal saving in manufacturing cost would have been obtained had the shoe machinery business been less concentrated, as it was before 1899.

"There is no question in our mind that the only item of cost in the manufacture of shoes which is lower today than it was in 1899 is the cost of the machines used by the manufacturers of shoes.

"It would appear to us that the policy of the United Shoe Machinery Co. has been the means of bringing about the lower cost of shoe machines. We do not know whether the present conditions would have come about without the United Shoe Machinery Co., but no indication of them was shown under the old machinery situation.

"When everything is considered we do not object to the royalty basis of leasing shoe machinery from the United Shoe Machinery Co. nor we do think the royalties charged are unreasonable, considering the quality of service rendered.

"We cannot see how if we bought our machines outright the cost of manufacturing shoes would be any less on that account. In our opinion, it would probably have been greater.

"We have believed that new improvements and inventions have been sought after and encouraged by the United Shoe Machinery Co.

"In answering your question No. 14 would say that it seems to us that all would depend on what took the place of the United Shoe Machinery Co. and the general policy adopted by its successors. If it should be such

that a great number of those at present manufacturing shoes were crowded out by the new policy or merged into larger companies, the cost of shoes to the consumer would probably increase.

"In addition, we wish to say that in case the disintegration of the United Shoe Machinery Co. were ordered or made, we should consider it a hardship for medium sized or small manufacturers like ourselves. That we should consider a restraint of trade and tending towards a monopoly in the manufacture of shoes.

(Signed) Lounsbury & Soule Co.
George H. Soule, Pres."

[Question No. 14 was: Do you believe that disintegration of the company would be followed by increased cost of operation, and would therefore mean that price of shoes at retail would have to be raised?]

Where Are the Accusers?

Boston News Bureau, Nov. 22, 1911

It is perhaps pertinent at this juncture to explain that the *Boston News Bureau's* canvass of the shoe manufacturers of the country to ascertain the standing therewith of the United Shoe Machinery Co. came as a surprise not only to the shoe manufacturers but to the United Shoe Machinery Co. itself, whose officials first heard of it from circulars in the hands of the manufacturers.

What President Winslow and his fellow directors of the Shoe Machinery Co. think concerning these replies the *Boston News Bureau* does not know. It presumes they read these letters as they are printed, but has no knowledge whether they do or not.

These letters and this canvass are absolutely the property of the *Boston News Bureau*, which would be unworthy of the esteem in which it is held by its subscribers did it permit any influence to be brought to bear to make this canvass otherwise than the freest, fullest and clearest expression of opinion that can possibly be brought forth from the shoe manufacturing trade.

Nothing has been sent to any shoe manufacturer besides the circular except in reply to three letters which seemed to warrant answer from this office.

One would judge from the representations that have been made at the State House and at Washington and from the political and legislative attacks that have been made upon the United Co., that the shoe manufacturers were up in arms against a hateful monopoly that by abuse of patent license was increasing the price of shoes to the people.

But the responses from the shoe manufacturers themselves have been a revelation to financiers, economists and publicists as well as to the trade itself. These letters have been read, as published, with astonishment. The wonder has been how people could be induced to write such letters of endorsement, and the very natural suspicion has been raised that in

some way the United Shoe Machinery Co. had something to do with this expression of opinion. Neither that corporation nor anybody connected with it, either officer or shareholder, has had anything to do with this expression of opinion. No one outside of the office of the *Boston News Bureau* had any knowledge that such a canvass was in contemplation until the circulars were in the hands of the manufacturers. The responses have been spontaneous and are as much of a surprise to the *Boston News Bureau* as to anybody else.

It requires on the part of any manufacturer considerable reflection and time properly to answer these 14 questions. They were clearly an invitation to everybody to kick and kick as hard as he liked, and kick as anonymously as he pleased, and the faith and credit of the *Boston News Bureau* were pledged to his protection.

That so much time was taken in the trade, that so many favorable replies were received and that so many long letters were written and signed, was not only surprising but dramatic.

It is believed that a large percentage of complaints could be gotten from patrons of any public service corporation regulated by law and commission.

The aim of this canvass was to get at first hand the sentiment of the shoe manufacturers, and it was believed that there would be enough in these letters to make three or four good articles that would clearly reflect the opinion of the trade, the basis of their complaints and that there might be some suggestions of value.

When, however, this mass of independent testimony piled up in this office, when manufacturers all over the country seemed to be pent up with desire to express their approval of the United Shoe Machinery Co. and the benefit it had been to them and to the public, the *Boston News Bureau* realized that any condensation of the letters would be open to the charge of New England bias and that in no better way could we present the picture than by tabulating the replies and then following with the full texts of the letters notwithstanding the many repetitions and duplications of ideas that would be involved therein.

Nobody had any right to expect such a deluge of comment favorable to one of New England's leading industries.

Everybody in Boston and the shoe trade has heard for years of the fight made against the United Shoe Machinery Co. by Charles H. Jones, of the Commonwealth Shoe & Leather Co., and R. H. Long of Framingham. We had the impression that these people represented a constituency with a real grievance and we hoped to find in the letters that constituency and its grievance. To our astonishment we have failed to uncover the constituency of Messrs. Jones and Long.

Some people contend that "a reign of terror" exists among shoe manufacturers. If this be so, they have had now the opportune time to come forward with the big St. Louis manufacturers and the national government united in an attack upon the Shoe Machinery Co. Here was the oppor-

tunity for the constituents of Jones and Long to come forth and back up their two champions who have so long stood in the front of the battle. Their names would not be published or revealed to the Shoe Machinery Co. or the government officials except under a mandamus of the court. If they were worthy citizens really desiring the protection of the laws against oppressive monopoly they should have come forward with at least some mild tabulations of their grievances.

We are, however, obliged to report that to represent "the opposition" we have still to resort to Messrs. Jones and Long of Massachusetts as the only real vocal champions of that side.

Their letters are the strongest protest we can wring from the country against the United Shoe Machinery Co. That no injustice may be done we must present the correspondence entire. Today we present the letter of Mr. Jones and the response of the *Boston News Bureau:*

THE COMMONWEALTH SHOE & LEATHER CO.
BOSTON.

Oct. 23, 1911.

"Mr. L. M. Atherton, Sec'y,
Boston News Bureau,
Boston, Mass.

Dear Sir:

"We have received your list of questions in regard to the United Shoe Machinery Co., dated Oct. 20. I have talked with a number of manufacturers about them, and we have made up our minds not to answer the questions at all.

"The bias of your paper in favor of the United Co. has been so pronounced that no manufacturers will probably feel disposed to send in answers to these questions with their names signed, unless they are anxious to have Mr. Winslow know just how they feel, and as no fair expression of opinion is possible under these circumstances, we do not feel that it is worth while to fill out your blanks.

Yours very truly,
(Signed) The Commonwealth Shoe & Leather Co.
Charles H. Jones, Pres."

Boston News Bureau,
C. W. Barron, Manager,
Exchange Place, Boston, Mass.

November 1, 1911.

"Charles H. Jones, Esq.,
President, Commonwealth Shoe & Leather Co., Boston.

My dear Mr. Jones:

I thank you for your frank expression of Oct. 23d.

I would that my bias in favor of a New England industry could be one

half as great as yours against it. After talking with you the other day, my last shred of sympathy for the downtrodden New England shoe manufacturer, with a collar around his neck riveted by the Shoe Machinery Co., disappeared; but I was grateful for the interview for I then understood who in my judgment had misled the governor and assisted to unbalance the people in this Shoe Machinery matter.

There have been instances in history when one, two or three men have been right against a thousand, but I don't think your case is one of them. I, however, congratulate you on the sublimity of your position, that you, practically alone of the thousand users of the machines of the United Shoe Machinery Co., are the only one willing to give a fair expression of opinion and feel justified in refusing to do so.

Again thanking you for your letter and the very pleasant interview I had with you, I remain

Yours very truly,
(Signed) C. W. Barron."

The Position of Mr. Long

Boston News Bureau, Nov. 23, 1911

Boston—We present herewith the second letter of opposition to the United Shoe Machinery Co., our reply thereto, and the rejoinder:

FRAMINGHAM SHOE COMPANY,
SOUTH FRAMINGHAM, MASS.

October 23, 1911.

Mr. L. M. Atherton,
Boston, Mass.
Dear Sir:

"We have your circular letter at hand relating to the Shoe Machinery Co. and beg to say we do not use the machines of the United Shoe Machinery Co. Presume you sent us the letter by mistake.

"We also wish to say that in our opinion you will not be able to find a shoe manufacturer using the United machines that will say anything unfavorable against the company to be published and you will also find it difficult to get a shoe manufacturer to even talk to your representative against the United Co.

"We venture to say that not one shoe manufacturer in 50 really favors the United Co. and we know from personal statements made to us by a large number of shoe manufacturers that they would all be glad to have as much competition as shoe manufacturers had before the United Co. was formed.

"It seems to us that your paper is showing an extraordinary interest in favor of the United Co., but if you want to publish something on the

other side we would be pleased to write to your paper and show some of the advantages that may be had from competing machines.

Yours truly,
(Signed) Framingham Shoe Co.
R. H. Long, Treas."

Boston News Bureau,
C. W. Barron, Manager,
Exchange Place, Boston, Mass.

October 25, 1911.

Mr. R. H. Long, Treas.,
Framingham Shoe Co.,
South Framingham, Mass.

Dear Sir:

"I thank you for yours of Oct. 23d and beg to say that no mistake was made in sending you the questions.

"We are endeavoring to get representative views from shoe manufacturers and we shall be very glad to present your position although, according to your view, the manufacturers of shoes are a pretty helpless lot if more than 98% of them are really opposed to the United Co. and afraid to say so.

"Of course if your indictment against the shoe manufacturers of this country stands, there is no use in our procuring their testimony, and you alone, as the offerer of competing shoe machinery, are entitled to be heard.

"Our position that the Shoe Machinery Co. is a creditable New England enterprise of benefit not only to New England but to the manufacturers and consumers of shoes throughout the whole country, has not been taken until after hearing the side that you and Mr. Jones represent.

"We are not in the business of advertising either Shoe Machinery machines or competing machines. Our business is to look at the Shoe Machinery Co. from the standpoint of investment with the full knowledge that no investment can stand or can be recommended which is not founded upon the laws of service and fair compensation therefor.

"The *Boston News Bureau* has nothing to do with the contention that some individual might invent a machine that he could afford to rent in competition with one of the 300 machines of the Shoe Machinery Co., but is out of the race because he cannot invent or offer a full line of machinery. Such apparent injustices exist throughout the world.

"The *Boston News Bureau*, for instance, sells financial news as a whole and the individual scribe, investigator, or reporter, might complain that he would like the opportunity of selling his articles directly for State Street consumption, but is under the necessity of selling his services or his talent to the *Boston News Bureau*, because that is the only buyer of financial news in Boston; and the bankers will not buy their financial news individ-

ually, but will subscribe for it in bulk as presented by the *Boston News Bureau.*

"The individual reporter may complain over the apparent injustice that he cannot get entrée for his news into a banking house in competition; but any one ought to see the economic and public advantage of doing some kinds of business by wholesale rather than by retail.

"The United Shoe Machinery Co. does a wholesale business and no individual inventor and no individual retailer of individual machines has any great strength in attempted competition against them, nor to our mind has he any right to complain.

"There are no two sides to this economic question. The banker cannot have 300 reporters bringing him financial news daily. The shoe manufacturer cannot deal with 300 machine makers. The dear old lady is up against the oppressive monopoly of the corner grocery store when she finds she cannot sell her eggs in the summer time to the village customers unless she will guarantee to have eggs in the winter and deliver them the year round under all conditions of weather.

"We think we understand both sides of the egg question. What we want in our family is eggs the year round and not competition in summer and no eggs or poor egg service in winter.

"Mr. Plant, with extraordinary ability, put more than $3,000,000 in cold cash into inventing a full line of shoe machinery and then he found he really had only one customer for his inventive genius and machinery.

"We, however, thank you for your views, although we cannot agree with you that all the shoe manufacturers would be glad to have the kind of competition you desire and that those who have written to us to the contrary are not worthy of belief.

Very truly yours,
(Signed) C. W. Barron."

R. H. LONG,
maker of
THE WALDORF SHOE.

South Framingham, Mass.,
Oct. 28, 1911.

Mr. C. W. Barron,
Boston, Mass.
Dear Sir :

"I beg to acknowledge receipt of your letter of the 25th and you can easily satisfy yourself that the shoe manufacturers practically without exception are in fear of the United Co. by having inquiries made among the Leather and Shoe trade, providing the inquiries do not appear to come from a friend of the United Co.

"I have been personally informed by large numbers of shoe manufacturers that they want to be free from the United Co.'s leases. Your letter

and publications show that you are not familiar with the situation of machinery in shoe factories and I wish to inform you that the United Co. does not even pretend to supply all the machines used in shoe factories, and they would not dare to attempt to control the machinery used in the stitching room, as the Singer Co. furnishes most of the machines, and if they should try their bull-dozing methods on the Singer Co., that company would make short work of the United.

"That United Co. supplies about one-third to one-half the equipment used in the average shoe factory and there is no more reason why manufacturers of competing machines should be shut out from selling machines that would compete with the United Co. than there is for having one leather concern monopolize all the leather of one kind or to have one newspaper monopolize all the newspaper business of one kind under the pretense that it would be a benefit to the industry or the public.

"The truth of the matter is, that the United cannot stand competition, that they are so highly over-capitalized and their over-head expenses are so large that without their exclusive contracts they would lose a large if not the greater part of their business.

"Would say further that there is no type of machine that was put out previous to their organization that at the present time is furnished the user by the United Co. at a lower cost all things considered than before the trust was formed. If they think they have such great advantages to offer why don't they put their machines out on their merits instead of tying the hands of the shoe manufacturers, and why should not the public have the benefit of the Goodyear machine when the patents expired as they did when the McKay patents expired?

"Your paper referred to the amount of assets of the United Co. but if you investigate and learn the amount of property on which the United Co. pays taxes in this country you will find that amount is a very small part of the amount you say is the value of their real assets.

"Our great President, Mr. Taft, has said that this country must stand for individualism or socialism and if there are to be monopolies they should be for the benefit of the whole people and if we are to have competition all corporations operating in violation of the law must be reorganized or dissolved.

"I have enjoyed the controversy with the United Co. for about five years and am at present in litigation with them and I expect to have considerable pleasure as these different matters work out.

"I thank you for the consideration you have given my letter and beg to say in closing that I am confident my position advocating competition in shoe machinery is right and will prevail.

Yours truly,
(Signed) R. H. Long."

Leather Merchant

Boston News Bureau, Nov. 24, 1911

A gentleman prominent in the leather trade, but not interested as a manufacturer except as noted, writes as follows, with the request that his name not be published:

"I simply cannot understand how any shoe manufacturer can claim (nor do I believe that 95% of them do) that the United Shoe Machinery Co. has been other than a great benefit to, at least, the small and medium-sized manufacturer.

"To illustrate what the company has made possible I will tell of what I know. A very few years ago a young man who knew how to make shoes, and who had saved a little money, told me that as he was not obliged to invest any money in machinery, as he could lease it on favorable terms from the United Shoe Machinery Co., he would start in for himself if I would take an interest in his company. Last year he made a profit of $20,000, which was many times his original investment. This was made possible only because he was able to make as favorable a deal with the Shoe Machinery Co. as were his competitors, large or small.

"I have had an intimate acquaintance with shoe manufacturers for many years, and cannot recall one of them as expressing himself other than generally favorable towards the methods employed by the company."

Haverhill Manufacturer, Haverhill, Mass.

Boston News Bureau, Nov. 24, 1911

A Haverhill manufacturer, who does not wish his name to appear, writes as follows:

"In our opinion, the shoe trade would be much better off if we had open competition and while the officials of the company talk about perfect service and our being looked after with an expert corps of machinists, you would be surprised if you knew the complaints and kicks which we have all the time, on account of the lack of efficiency of their subordinates. We can cite you many instances of very inefficient poor service that we are compelled to put up with on account of no competition, and while we have kicked to the officials and they are very courteous and take the matters up very carefully, it seems to be beyond their power to remedy it. In other words, their business is altogether too large to be handled by any one corporation and we are compelled not only to pay their price, but to await their beck and call which is entirely wrong as we would undoubtedly get much more efficient service if there was competition."

Bion F. Reynolds, Brockton, Mass.

Boston News Bureau, Nov. 24, 1911

Bion F. Reynolds, of Brockton, Mass., writes as follows:

"My dealings with the United Shoe Machinery Co. have been very satis-

factory to me. I do not do a large business, and I am perfectly satisfied with the way they have looked after my machines, and the contracts they have made with me.

"I cannot understand why the federal government should attack this company, as they have never done as the railroads do, such as giving the large manufacturer a rebate, and full rate to the small one.

"The United Shoe Machinery Co. uses every one alike, and the only trouble with the western manufacturers and a few of the large ones here, they do not like it because they cannot get this company to give them a rake off of about 25% on their royalties.

"The St. Louis manufacturers would never have been in the position they are today were it not for the fact that this company have not only leased them the very best machinery, but they have taught them how to make shoes. I certainly hope the federal government will not dissolve this company.

(Signed) Bion F. Reynolds."

Heywood Boot & Shoe Co., Worcester, Mass.

Boston News Bureau, Nov. 24, 1911

Heywood Boot & Shoe Co., of Worcester, Mass., who have done business with the United Shoe Machinery Co. since formation, write as follows:

"It would appear to us that it is rather uncertain as to how much the machinery cost had been lowered, if it has actually lowered at all. At the same time, any comparison with the costs of other items entering into the manufacture of shoes, machinery is certainly lower than it was in '99. Practically everything else entering into the cost, both material and labor, has considerably increased.

"It is impossible to estimate, even approximately, what the machinery cost would be if it was necessary to purchase all machinery outright. There is practically no basis of the cost of the machinery itself, but from a very rough estimate, it would appear to us that the cost of depreciation, repairs and other charges would be very nearly as much as the royalty charge at the present time. It is certain that a cash outlay for machinery would be very large. In this connection, it would appear to us that there had been an undue emphasis placed on the cost of new parts furnished by the United Co. From our experience with other machinery companies and also from what we know of the trade in general, it is certainly a fact that the charges for repair parts are always very high compared with original cost of the machine, and we think if this matter was investigated that it would be found that Gov. Foss's company make proportionately high charges for parts of their machinery. We have had some experience with the sewing machine companies as to cost of parts and also cost for time and expense of experts going over the machines and these are very high.

"The return on the capital invested varies so much in different lines of business, and in fact, think it would be found to vary very largely in dif-

ferent shoe manufacturing concerns. From some of the information which we have seen printed in the papers, it would appear that certainly some of the St. Louis manufacturers are obtaining returns fully as large as the Shoe Machinery Co. and yet they feel that they are being treated unfairly by the company.

"Finally, it would appear to us that a great deal of the adverse criticism of the United Co. has come from certain large shoe manufacturers who seem to think that they should obtain better terms from the United Co. than the smaller manufacturers and it would appear to us that if the United Co. were willing to make special agreements with them, that practically the entire clamor would die out. As far as we can learn, the United Co. have treated everybody exactly alike and it certainly is of advantage to be able to figure the exact cost of the machinery charges in advance. If the royalty was entirely abolished, it certainly would still be necessary to figure a certain amount on the cost of a pair of shoes, for machinery, due to interest, depreciation, etc., and in case there was any saving in this way, it would be very small and the final consumer would never know the difference. Whatever saving there was, if any, would be made by the manufacturer, the jobber and the retailer.

"We feel that conditions, as they are, are much more satisfactory than they would be if the United Co. were dissolved and we have very little sympathy with the attempt to make a case against the United Co.

Heywood Boot & Shoe Co.
(Signed) Albert S. Heywood, Treas."

F. M. Hodgdon, Haverhill, Mass.

Boston News Bureau, Nov. 25, 1911

"Am glad of this opportunity to express the results of our experience in dealing with this company. I feel that a few supplementary remarks are necessary to do justice to our convictions on this question.

"Wish to testify more fully with regard to the great advantage afforded by the company to the manufacturer in the saving of time and money in being able to have any repairs on his machinery completed invariably in a few hours, by an expert who thoroughly understands every detail of that particular machine.

"In the old days of having machines from so many different companies, it frequently happened that the particular agent who was competent to adjust the machine out of order, had been sent to some distant part of the state, or even to a greater distance, and would not return for several days; also the parts required were very apt not to be available, consequently several days' delay would ensue, and finally when the machine was put in order, at a considerable expense, the daily output of your factory had in the meantime been tied up, entailing loss and confusion through more or less of your factory system, on account of the delay on that one particular part of the work, which affected the whole.

"By the United Shoe Machinery method the repairs are made in a few hours, at an expense of the machinery parts only, the service being all gratis, and the prices charged for the parts are only nominal, which means to the manufacturer such a tremendous saving of time and expense that it can hardly be calculated.

"It seems obvious that a comparatively small, independent machinery company, representing one or a few machines, could not provide this service of expert mechanics and parts, to be immediately available in all the shoe cities, which the United Co. can do at a nominal cost, by doing it on such a large scale.

"We also believe that the machinery business in the hands of many independent companies, on the basis of buying the machines outright, would tie up a large portion of the working capital of many manufacturers, impairing their financial credit, and reducing their net earning capacity.

"The young manufacturer starting out in business with a small capital, and working his way up, gradually establishing a successful business, would find himself terribly handicapped if he was obliged to buy his machinery outright, and could not have the service and care of the United Shoe Machinery Co. to assume the responsibility of keeping it in good running order. Not only would his machinery account be large, reducing his active cash capital, but his machinery depreciation would be a large one every year, and being an item that would vary, according to conditions, it could not be figured as a positive cost, while under the present royalty and rental basis of the United Shoe Machinery Co. the manufacturer can figure the machinery cost as a positive item in the making of his shoes.

"According to our experience, it is the policy of the United Shoe Machinery Co. continually to improve and make its machinery more efficient, and these improved machines are available to the manufacturer, and are put in by the company, superseding the old ones at practically no expense, and are frequently put in on more advantageous terms than the retired machine which they supersede. This service to the manufacturer, in addition to the service of keeping his machine in good repair at no expense, beyond the new parts required, is of great value, and possibly may answer to a certain extent your question No. 13, about the United Shoe Machinery Co. discouraging the invention of new machinery.

"It would seem that they must carry on continually, to quite an extent, inventive work in their own plants, from the fact that they are continually replacing their old machines with the ones improved by more efficient patterns. Would it not also seem reasonable that inventive work under the intelligent and discriminating guidance of the company's supervision, governed by the way the changing actual requirements of the making of shoes is being met by the various machines, and taking care of these conditions as they present themselves, give more practical and beneficial results in the way of inventions than under the old plan of having an occasional

practical invention here and there of some individual working it out for themselves.

"On the matter of leases. They have never exacted from us anything unreasonable, or unfair, on any item of our lease obligations, although we must admit that the wording of one of these leases seems very arbitrary, and wholly one-sided.

"There is one more phase of the question that we consider of very vital concern. With every opportunity to be greedy and oppressive, it seems to us the policy of the United Shoe Machinery Co. which we believe has been rigidly lived up to, to treat all manufacturers alike on every detail of price-lists, and terms, on which machines or supplies have been purchased from the company, whether small users of $500 per annum, or larger ones of $100,000 per annum, is a very unusual and meritorious record for the United Shoe Machinery Co., and we believe that this point alone has been a tremendous benefit to all concerned, manufacturers and consumers and especially to the New England manufacturers. We believe it has been very influential in keeping the shoe making industry one of open competition all over the country, thereby preventing a few of the large manufacturers combining and controlling advantages, over the smaller ones, with the view of driving them out of business.

"We hope justice and fairness will prevail in the final settlement of this vital public issue, and that all influences based on theories only, and prejudices, will be eliminated.

(Signed) F. M. Hodgdon."

Neenah Shoe Co., Neenah, Wis.

Boston News Bureau, Nov. 27, 1911

Neenah Shoe Co., of Neenah, Wis., a customer of United Shoe Machinery Co. since organization, writes as follows:

"Our opinion is that a shoe manufacturer who has been manufacturing shoes for 20 or more years, or having manufactured a reasonable length of time before the existence of the United Shoe Machinery Co., well knows the excessive prices we were obliged to pay for machines then; not only that, but constant quarrels and law suits existing between competing companies in testing their rights to patents. In some cases injunctions were served on shoe manufacturers restraining them from using certain machines at that time, all of which was a discouraging part of the shoe machinery business.

"All such manufacturers well remember the leveling machine contests, besides a great many others that could be mentioned. There was a time when the heel-attaching machine cost $800 with royalties at ½-cent per pair; connected with this a heel-shaving machine that cost $300. Now machines that do three times the work with no initial cost for the two machines can be had for ¼-cent per pair royalty, covering the heel-attaching and the heel-shaving machine.

"Leveling machines formerly cost from $450 to $600; present cost less than one-fourth. Edge-setting machine that once cost $250 now had at $6 per year. Edge-trimming machines at the same ratio. Single Tapley heel-finishing machines formerly $450, or with twin attachment from $650 to $700. A substitute for this machine now costs $15, royalty one cent per dozen pairs. And so we might go all through the bottoming room. Lasting machines then not in existence; now no initial cost. Royalties one-fourth cent per pair. Labor then for lasting twice and in some cases three times as much as now.

"The manufacturer of shoes who has started business since the United Shoe Machinery Co. was organized, hardly realizes, we think, the expense the older shoe manufacturers of this country had in their machine account, with new inventions constantly coming forth which would make almost entirely worthless machines formerly purchased at high prices, necessitating the adoption of new and improved machines at large prices and a practical loss of the old machines.

"Now such conditions do not exist. Improvements are supplied free of cost, and a saving in labor without additional royalty cost. If we had competing companies in the machinery business they would now, the same as always before, charge extremely high prices for those machines and the same quarrels and litigations would arise between them as before, which now under one management we do not have.

"Now we know what our machinery and royalty costs are, and never until the existence of the United Shoe Machinery Co. did the shoe manufacturers of this country know that, or the real value of their machinery account.

"The royalties of the Goodyear machine now are the same as when formerly owned by the Goodyear Co., but these machines have been improved both as regards quality of work and efficiency, to the extent that labor costs on them are less now than formerly. This fact should not be lost sight of by any one and *especially the public:* that every improvement entering into the machinery part of shoe manufacturing, enabling a reduction in that cost, has always to that extent reduced the price of a shoe and the *public has always had that benefit.*

"Far better material and superior workmanship is now furnished in a Goodyear Welt shoe at a price than could be furnished 25 years ago in a McKay-sewed shoe at that price. Before the Goodyear Welt shoe was made all welted shoes were hand welts, which were then a luxury. Now a Goodyear welted shoe is a better and stronger made shoe in a welt seam than was ever made with the old style hand-stitched welt.

"Not all of the public know and realize that and but few appreciate the fact that a Goodyear Welt shoe of today is the cheapest piece of modern wearing apparel there is made.

(Signed) Neenah Shoe Co."

F. M. Hoyt Shoe Co., Manchester, N. H.

Boston News Bureau, Nov. 27, 1911

F. M. Hoyt Shoe Co. of Manchester, N. H., write as follows:

"Our position on the machinery question is that we object to the tying clause in the lease—let this be removed, and we believe that there will be a much healthier condition, and a more satisfactory condition existing in our business.

"There is no question in my mind but what the United Shoe Machinery Co. is perfectly able to meet competition, and to do so at a satisfactory profit to its stockholders.

"I believe the company will see it to their advantage to remove the tying clause in all their leases.

(Signed) F. M. Hoyt Shoe Co.
by H. E. Slayton, Pres."

Ashby Shoe Co., Brockton, Mass.

Boston News Bureau, Nov. 27, 1911

Ashby Shoe Co. of Brockton, Mass., write as follows:

"Personally we cannot say too much in favor of their system or conduct, as far as we have had dealings with them. For a man with small capital it is certainly the best thing there could be. With their system he is able to start business with just as good machines and equal service as the large man. This enables him to compete with the larger manufacturer. We are glad to be able to say this for them at this time when so much is said against them.

(Signed) Ashby Shoe Co.
Per H."

Melville Woodbury, Lynn, Mass.

Boston News Bureau, Nov. 28, 1911

Melville Woodbury, vice-president of the Mrs. A. R. King Corporation, of Lynn, Mass., a customer of United Shoe Machinery Co. since latter's organization, writes as follows:

"I have dealt with the United Shoe Machinery Company of Beverly and Boston, Mass., since its organization, and I must say that they have an organization that cannot be beaten. I like them. The way I see it is this, judging from my long experience with them. I feel that the United Shoe Machinery Company people are to the shoe manufacturers of the United States what the Harvester people have been to the New England and western farmers.

"Look, if you please, at the western farmers today and see what the Harvester people have been to them and see wherein they have been the means of their developing and producing their land three fold, both as to acreage and amount of products raised; in comparison, it is the same way with the shoe manufacturers. We have been able to produce more shoes

and better shoes than we could have without the United Shoe Machinery Company.

"Look at your shoe or department store windows today and you will find the ear marks of the United Shoe Machinery Company very forcibly; no more wrinkled toes and twisted seams. We are making more shoes and better shoes than ever. Why? Because we are reaping through the United Shoe Machinery Co. the fruit of the brains employed by them.

"Would say, in passing, they have one machine most particularly which can apparently almost think; I refer to the pulling over machine. If you had visited the last New England mechanics fair held in Boston, you would have seen this machine working, and I think you would agree with me as to what I say.

"As to my objection to royalty leases, I would say I have no objection whatever, as the same bridge that has carried me over so far will continue to do so.

"Believe me, if I have one of their salesmen in my factory to see me a day, I will have six to eight, all selling different articles. I tell you they are doing business right. If we have a machine that kicks up, we tell one of these men or 'phone to the office and we are immediately taken care of.

"Aside from the well equipped shoe factory, look at an up-to-date cobbling shop today; what do you find?—a United Shoe Machinery Co.'s outfit ready to half-sole or tap your shoes in the finest possible shape and you always get a good job.

"Would you go back to the old brass nails and wooden pegs? I guess not; not for me.

"As I have said before, I believe in the United Shoe Machinery Co., and I know they have been a great benefit to the shoe manufacturers of this country.

"I visited England last March, and one of the express purposes for which I went there was to investigate the English shoe machinery, and I must say that the Americans, to use a slang phrase, 'can cut circles all around them many times,' and on my return to this country, I made up my mind that I had nothing to fear from foreign competition with the United Shoe Machinery Co.'s output."

(Signed) Melville Woodbury, Vice-President."

Wisconsin Company

Boston News Bureau, Nov. 28, 1911

A Wisconsin company write as follows, with the request that their name be not published:

"It is apparent to us that there has been a lot of agitation against all trusts, not only the shoe machinery trust.

"This matter has been read and followed up by most every reader of a daily paper throughout the United States, and of course there are different opinions as to the way they are doing business.

"The writer's opinion is this, that the five cents per pair, or over, which we are paying the United Shoe Machinery trust, if this were increased or lowered, it would not affect the price which the wearer must pay, as a merchant will get his price for a shoe, no matter whether it is $4, $4.50 or $5. Sometimes if a shoe costs $2, he will get $4, if he thinks the shoe will stand the value. So you see the trust does not affect the wearer, in any shape or manner.

"The shoe machinery trust is nothing more than systematized business. It is the system that makes the dividend for them, not the trust. It is just like any other business; take a small merchant who has no system, does not make the money, and it is the same way with the piece labor. One man can turn out more work than another, by perhaps not working as hard, just because he has a different way of doing it.

"The experience we have had in our local factory in running the hand made department is that one man can be working hard, and sweating all day, throughout the whole week; while the man next to him, takes it easy and does not work as hard, and is still making $4 or $5 a week more, which shows that the second man has a system.

"We think the United Shoe Machinery trust has saved a lot of money for the shoe manufacturers. If they had to go back to the time where they had to pay for every machine they used, and pay for the services of an expert to adjust them when out of order, it would cost them from 25 cents to 50 cents a pair to manufacture their shoes by machinery.

"Now speaking about the parts, which some claim are very expensive buying from the trust, would say, take any business, for instance the automobile business, you are well aware of the fact what these parts cost, and still they are not in the trust."

Manchester Manufacturer, Manchester, N. H.

Boston News Bureau, Nov. 29, 1911

A manufacturer in Manchester, N. H., writes as follows, with the request that his name be not used:

"Have done business with the company since its incorporation, in a pleasant and satisfactory manner; and as long as all manufacturers are used alike, which I have no reason to doubt they are, I think the manufacturer is *better* off, and the consumer gets more value for the royalties *he* pays than would be the case under old conditions."

Murphy Boot & Shoe Co., Natick, Mass.

Boston News Bureau, Nov. 29, 1911

Murphy Boot & Shoe Co., of Natick, Mass., write as follows:

"We are a small company and we can buy five, ten or two thousand pounds of supplies at the same price with same discounts as the manufacturer that would buy double or three times that amount. This gives every manufacturer the same opportunities to go into the market and sell

their goods, and if anything the Shoe Machinery Co. should be commended for that rather than censured. If they do concede those discounts to concerns already grown rich in business, then we would have reason to protest; but they are not, as we understand it, giving any concessions to any one concern more than to another. We believe, in a way, that our business has grown doing business with the Shoe Machinery Co. from a fifty thousand dollar a year to a five hundred thousand, about which rate we are doing at the present time.

Murphy Boot & Shoe Co.
(Signed) By D. J. Murphy."

National Shoemakers, Inc., Lewiston, Me.

Boston News Bureau, Nov. 29, 1911

National Shoemakers, Inc., of Lewiston, Maine, write as follows:

"We are believers in the United Shoe Machinery Co., for they are doing a mighty good work, and especially are they doing good along the line with small manufacturers.

(Signed) National Shoemakers."

A. Priesmeyer Shoe Co., Jefferson City, Mo.

Boston News Bureau, Nov. 29, 1911

A. Priesmeyer Shoe Co., of Jefferson City, Mo., write as follows:

"We can answer your questions only in commendatory language. Our dealings with the company date back to its inception. We have been paying Goodyear royalties longer than any manufacturer west of the Mississippi. Do not think this is a misstatement. Our relations have been most satisfactory.

"We believe the company has benefited the manufacturer, and under their present terms and conditions it is possible for the smaller manufacurer to expand, especially where lack of capital has been a hindrance to his getting efficient machinery equipment. The fact that so little capital is required to be tied up in machinery under the new management, shoes should be produced at a minimum cost per pair. Whether the consumer is helped thereby is a question, but there is no doubt but that the retailer is benefited by it. Competition in shoes is extremely keen, and manufacturers are giving values today which excel values of the past. It is a material advantage to shoe manufacturers that the shoe machinery business is concentrated. At present the United Shoe Machinery Co. stand ready on a moment's notice to send their agents to remedy troubles. They have central branches where are carried large stocks of parts, and the perfection of service in forwarding parts, machines and accessories is a great help to manufacturers centrally located, and the manufacturer in isolated territory is able to operate on exceedingly small supplies of machine accessories.

"We are not inclined to censure the United Shoe Machinery Co. for anything. Their royalty basis may and may not be high. We might

and might not have to pay the same royalties to other companies, but as long as we agree to use their machines on certain royalties, it is our plain duty to pay them. If the United Shoe Machinery Co. were making extraordinary profits, paying excessive dividends, then we might rightfully claim extortion, but since they are not, and at the same time are rendering the acme of service, we are not inclined to criticise their royalty basis.

"We do believe that in all probability the disintegration of the company would mean an increased cost of production. How much, of course, is problematical.

"Another thing, in regard to stifling competition in inventions, there is perhaps cause for complaint, although we have had no experience in that respect. We do know that it is a violation of the wishes and rules of the company that the manufacturer should use any machine that in any wise interferes with any of their department systems. We have not given this subject very mature consideration. Such thought as we have given it is more or less prejudiced on account of selfishness. In considering the question, we are inclined to occupy first the position of the United Shoe Machinery Co., then we fully agree that it would be a difficult matter to keep in thorough touch with their system of royalties whereby they would be able to check up an unscrupulous patron. On the other hand, it does not appeal to us as reasonable that a good invention that would work in harmony with their present system should be stifled, owing to the fact that it is not their property.

A. Priesmeyer Shoe Co.,
(Signed) By Charles Tweedie, Pres,"

Regal Shoe Co., Whitman, Mass.

Boston News Bureau, Nov. 29, 1911

E. J. Bliss, treasurer of Regal Shoe Co., writes as follows:

"We are believers in competitive conditions in shoe machinery. The great progress in the art of making shoes of which this country is justly proud was accomplished when the invention and manufacture of machinery were in a highly competitive condition. If the manufacturers in this country are to ever again assume the leadership which they held 12 years ago, it must be under competitive conditions which will certainly result in progress.

"While personally very friendly with the United Co., its officers and representatives, and in no way opposed to a proper leasing system, I am unalterably opposed to their present system of leasing their royalty bearing, bottoming machinery in use in practically every factory in this country. If their system has all the merit which they claim, why are they not willing to remove their restrictions and face free competition, as manufacturers of shoes are constantly obliged to do? We cannot believe it to be good public policy, or in any way in the interests of the shoe trade, to have one man or one set of men, in position to dictate, without the possibility of

contradiction, the terms for the shoe bottoming machinery for the whole country, both as regards new inventions and price and terms which manufacturers are obliged to pay.

Regal Shoe Co.
(Signed) E. J. Bliss,
Treasurer & Man.-Dir."

Arthur A. Williams Shoe Co., Holliston, Mass.

Boston News Bureau, Dec. 1, 1911

Arthur A. Williams Shoe Co., of Holliston, Mass., write as follows:

"We are decidedly in favor of the continuation of the present arrangement of securing shoe machinery as is conducted by the United Shoe Machinery Co.

"Furthermore, we believe that the disintegration of the United Shoe Machinery Co. if attempted, would be hazardous to the shoe manufacturers, and the results so uncertain that such measures ought to be discouraged.

(Signed) Arthur A. Williams,
Proprietor, Arthur A. Williams Shoe Co."

Meldola & Coon, Rochester, N. Y.

Boston News Bureau, Dec. 1, 1911

Meldola & Coon of Rochester, N. Y., write as follows:

"We have had business relations with this corporation since its organization. We have no fault whatever to find with them as we consider that we are on par with everyone else and have always found their treatment to be of a satisfactory nature, and while at various times we have had little items to complain of they have always been adjusted to our satisfaction.

Meldola & Coon.
(Signed) W. B. Coon."

Hodsdon Manufacturing Co., Portland, Me.

Boston News Bureau, Dec. 1, 1911

Hodsdon Manufacturing Co. of Portland, Me., write as follows:

"We feel that should the government at Washington disturb in any large way the policy of the United Shoe Machinery Co. as now carried out by them it would inflict on all shoe manufacturers (except the very large and wealthy corporations) a great wrong, as well as causing the consumer to pay more for his shoes.

Hodsdon Mfg. Co.
(Signed) F. W. Cox, President."

R. T. Wood & Co., Burlington, N. J.

Boston News Bureau, Dec. 1, 1911

R. T. Wood & Co. of Burlington, N. J., write as follows:

"Our relations with United Shoe Machinery Co. have always been of the most pleasant character and we could not under any circumstance make any criticism that would be unfavorable.

(Signed) R. T. Wood & Co."

H. M. Packard & Co., Lynn, Mass.

Boston News Bureau, Dec. 1, 1911

H. M. Packard, of Lynn, writes as follows:

"When I started in business four years ago, I began in a small building 9 x 16, with very little capital. An entire stranger to any member of the United Shoe Machinery Co. I went to that company for my machinery, and they fitted me out with every new modern machine necessary for the manufacture of the shoes I intended to make. I have since been able to increase my business, have twice enlarged my factory, whereas if it had not been for the United Shoe Machinery Co. I would still be working at the bench. I have no objection to your using my name if you care to do so.

(Signed) H. M. Packard."

Eagle Shoe Manufacturing Co., Lynn, Mass.

Boston News Bureau, Dec. 1, 1911

Eagle Shoe Manufacturing Co. of Lynn write as follows:

"Our concern has done business with the United Shoe Machinery Co. for nine years and our business with them has always been satisfactory. Their service is unequalled. We are only making McKay shoes and their royalty on them is very small and, in our opinion, it would cost just as much to keep up our machinery and plant if we should hire men to do it and not pay royalty to the United Shoe Machinery Co. As far as our knowledge goes, we never knew the company to discourage inventions and new machinery. In fact, they are always putting out something new every year and trying to better their line.

"It appears to us that the royalty on Goodyear shoes is rather high, considering the number of shoes that is turned out.

"We do not suppose that the United Shoe Machinery Co.'s return is any larger, in proportion to its capital, than some successful shoe manufacturers, although it may be larger than the majority. We cannot see where this disintegration of the company will benefit us any, even if it could be done, which we doubt very much. Whether it is for the public good or not to maintain large corporations and concentrate a great amount of wealth in a few hands, is a large question that we will not undertake to solve. The problem will probably solve itself, when the time is ripe.

(Signed) Eagle Shoe Manufacturing Co."

Brennan Tannery & Shoe Manufacturing Co., Upland, Cal.

Boston News Bureau, Dec. 2, 1911

J. M. Brennan, of Brennan Tannery & Shoe Mfg. Co., of Upland, Cal., writes as follows:

"I have been doing business with the United Shoe Machinery Co. for the past four years and our business relations during this time have been of a most satisfactory character. There has never been a time when I have called for any machine that would be a benefit to me but what this company has forwarded same without any question.

"Four years ago I started manufacturing shoes with a jack-knife and hammer and without a doubt I would be doing the same today if it were not for the splendid assistance rendered by the United Shoe Machinery Co. The value of this company's machines which we now have would be about $20,000 but owing to the small output of this factory, they are not receiving from us in the way of royalties over 5%. This, of course, is allowing nothing for depreciation and as the machines belong to the company, they of course have to suffer in the way of the machines becoming depreciated in value, for about the only equity we have in these machines is that which we have paid for freight. When a machine becomes partially obsolete or they get something that is newer and better, they allow us to discard the old and replace this with a new and more up-to-date one so as to put us on the same footing as the larger concerns.

"The United Shoe Machinery Co. in my opinion are the ones who have made it impossible for the large concerns to combine and form one of the greatest trusts in the country and you will find that if this company is put out of business that within two years a great combine will control the shoe manufacturing industry of the United States.

"Statistics now before me show that the number of establishments for the five years just past have increased but 2%, while capital invested in the 1343 establishments that are now manufacturing shoes in this country has increased 61%, so you see the natural tendency is towards centralizing. This, of course, is usually bad policy for the people at large for the more numerous the manufacturing establishments, the less opportunity is there for controlling business. Labor also has a greater opportunity, for the life of all business is competition. It is a matter of the survival of the fittest where all things are equal. So far as the machinery end of the business is concerned, this is equal, for the man with small means, but with ability, has really the same opportunity as the man with millions. He obtains his machinery upon the same basis as his neighbor.

"The United Shoe Machinery Co. has millions involved in their plant, and thousands of dollars each month are paid out by them for the working force that is constantly improving shoe machinery, putting machines in repair and in instructing new operators. In fact, today there is in this factory one of their men who has traveled from their nearest office, which is 500 miles away, to instruct an operator on a new lasting machine which we

have just installed. If this company were to be entirely eliminated, I can see where out of the 1343 factories now manufacturing shoes, 1000 of these concerns would be wiped out about the same time while the remainder would flourish and the retail price of shoes would be higher than it is today.

"Do not lose sight of the fact that you must not kill competition. I am inclined to the opinion that if the government presses their case against the United Shoe Machinery Co. that the government may be responsible for forcing them in with the big shoe manufacturers and forming an immense combine which we smaller manufacturers so much dread. They are entitled to the royalties they are receiving, which are not unjust, and I prefer for one to see them continue doing business.

(Signed) J. M. Brennan."

Wisconsin Manufacturer

Boston News Bureau, Dec. 2, 1911

A Wisconsin manufacturer writes as follows, with the request that his name be not used:

"I believe that the shoe manufacturer would be just as well off if he owned his own machines, if not better. If we have to pay royalty, we simply add it to the cost of our shoes and we make a profit on that as well as on the shoe. Then the salesman and also the dealer get a profit on the royalty. Consequently the shoe is considerably higher than if we owned our own machines.

"Of course, I believe if we own the machines the same as we do our buildings we would be much better off. Now, if the United Shoe Machinery Co. owned the buildings and charged us a big rent, it would cost us still more to manufacture shoes.

"I think if there were more than one making shoe machinery it would be much better for the manufacturer because there would be opposition and where there is opposition you get the very lowest price possible."

The Irving Drew Co., Portsmouth, Ohio

Boston News Bureau, Dec. 4, 1911

The Irving Drew Co., of Portsmouth, Ohio, write as follows:

"In a general way, our relations with the United Shoe Machinery Co. have been satisfactory, but as time goes on, their requirements are more exacting and monopolistic. However, we do not see how shoe manufacturers could have acquired their present efficiency at so little cost and worry to them without the concentration of machinery.

"Whatever it has cost, has been figured in the cost of the shoe and the consumer has paid it. While the United Shoe Machinery Co. may have not, or has not, cared to do anything to make the cost to the consuming public unreasonable so far, or secured an excessive profit for the company, they are getting in a position where they will have great power and temptation to do so. Doubtless, they have bought and shelved many valuable inven-

tions, from fear that they might supersede their own machinery. We think there is a decided tendency to hold back their own inventions and buy up other improvement and shelve the same until it suits their convenience about using them in their system, and to do so only when it can be done to the greatest profit to themselves, or at a reasonable cost to the manufacturer, who is exchanging old machines for machines supposed to be better and consequent saving to the consumer.

"There is a paternalism in this method that the American people don't care to have any corporation exercise for them, even though it might be at a present saving, as the danger in ignoring the principle involved is too great. While we cannot say that the general consuming public has suffered, we suppose many machinery companies, individuals and inventors have, thereby discouraging other shoe machinery companies and the inventive genius of the country.

"There is a principle involved that must be zealously guarded, or sometime, it will result in more serious restraint in both invention and trade as we see examples of now.

"A writer in the 'Weekly Bulletin of Nov. 11' gets at the meat of the thing when he refers to the claim the United Shoe Machinery Co. make that any man employed in a shoe factory in this country can start into shoe manufacturing for himself and make a success of it; when he asks if any employee of the United Shoe Machinery Co. can at any time sever his connection with that company and go successfully into a shoe machinery business. The United Shoe Machinery Co. seem to be willing to have free trade in the shoe manufacturing business, but not in the shoe machinery business.

"What people want in this country is not an equal distribution of wealth, but to secure so far as possible an equality of opportunity; hence it would seem that these matters must be controlled in the interest of the public welfare.

(Signed) The Irving Drew Co."

F. B. Holmes Co., Chelsea, Mass.

Boston News Bureau, Dec 4, 1911

F. B. Holmes Co. of Chelsea, Mass., write as follows:

"United Shoe Machinery Co. have been very kind to us in their treatment in many ways, particularly whenever we had labor trouble.

"We feel that they make very heavy charges for all machine parts which they supply us with. Usually any screw or bolt which would not cost over 5c or 10c to make are billed to us at five times this amount.

"The charge for machine parts makes a very heavy monthly charge for us to pay. We have been threatened with suit by them because we used competing machinery which they claimed were infringements on their machinery and injurious to their business.

"They have since bought out one of these machinery concerns against

whom they held a grievance, and the other matter is still pending. We presume it has not been pushed in the courts on account of the fact that business attention has been drawn to their methods so strongly of late.

"As we understand the law and the situation we do not see how they have injured the shoe manufacturer directly, but we feel that they have violated the law in threatening their competitors, not to manufacture shoe machines.

(Signed) F. B. Holmes Co."

Ziegler Bros., Philadelphia, Pa.

Boston News Bureau, Dec. 4, 1911

Ziegler Bros. of Philadelphia write as follows:

"Our relations have been continuous and pleasant with this company. They appear to have a monopoly in their line. Our opinion is they serve the trade well, charging for that service all the traffic will bear and perhaps more.

"Whether it would be more advantageous if we had general competition we cannot say, because the element of patents enters. In our line there is extensive competition. If the machinery business were likewise free, we think manufacturers would stand an excellent chance of paying less than now required by this company, and would be served equally as well.

"It does not seem to us that monopoly, however beneficent, should expect a return equal to a competitive business, say like shoe manufacturing, any more than a first mortgagor should expect as large a return for his money as a lender on commercial paper. The risks are greatly different. We opine the risks of this company are small, their prices are not subject to competition. Machinery and parts in general use should, in our judgment, be lower as the years go on. We don't see why disintegration of this company would make for higher costs, at least for any length of time.

(Signed) Ziegler Bros."

Closing the Canvass—Tabulated Results Wednesday

Boston News Bureau, Dec. 5, 1911

On September 23 the *Boston News Bureau* quoted a retired shoe manufacturer as follows:

"There has been a loud howl from a few manufacturers, but I venture to assert that nine-tenths of the shoe manufacturers of the country are strong adherents of United Shoe and its policies and would deplore any action by the government which would break up its splendid organization."

No stronger endorsement of the position of the United Shoe Machinery Co. with its customers, the manufacturers, had ever been made from an independent source. In the partisanship of legislative debate the United Shoe Machinery Co. had sometimes claimed that they had the support of nine-tenths of the manufacturers, but of course this would naturally be regarded as an extreme statement in view of the continuous public agitation of the United Shoe Machinery problem. Following the government action

against the officials of the United Shoe Machinery Co., President Winslow made some very strong statements to the effect that the item of machinery is the only item of cost in the manufacture of shoes which is lower today than in 1899, when the United Shoe Machinery Co. was formed; that the initial cost of machinery equipment of a shoe factory is lower today than ever before; that the average royalty paid by a shoe manufacturer for the use of all machines furnished by the company is less than $2\frac{2}{3}$ cents per pair; and that the returns on United Shoe Machinery Co.'s investment are not as large proportionately, as the returns received by successful shoe manufacturers on their investment.

In October the *Boston News Bureau* attempted to find the real sentiment of the representative New England manufacturers. The responses were so surprisingly different from the popular conception of the position of the United Shoe Machinery Co. that the same interrogatories were sent to all the shoe manufacturers of the United States in the published trade list.

Responses were prompt, emphatic and so strongly in favor of the company and its relations with its customers that the *Boston News Bureau* determined not only to tabulate the results, which was all that was first contemplated, but to publish the letters, both pro and con, that accompanied the responses.

The tabulated results and the letters created great financial and political interest, and the *Boston News Bureau* advertised liberally its 14 questions in double-column newspaper space, with invitation to any shoe manufacturer who had not responded to the circular to do so promptly, and further invited any who had been overlooked to answer from the advertised list of questions.

The result from this advertising and circular was published November 10, and showed the retired manufacturers' prediction of September 23 to be justified.

The *Boston News Bureau* desired, however, to get as many responses as possible and sent a second circular to those who had not responded. Letters were received on the first circular from 315; from the second circular this number was raised to 531.

Considering that it requires considerable time to answer the problems of cost, economies, return, etc., involved in the questions presented, it is remarkable that nearly 50% of the manufacturers of the United States have replied.

At this time we must consider the canvass as closed, and shall tabulate and present the total returns on Wednesday; and the interesting problem will be as to how the returns from the 531 manufacturers compare with the returns from the 315 responses.

Spalding's Rules—Fair Play for United Shoe Machinery Co.

Boston News Bureau, Dec. 6, 1911

With the publication today of the tabulated responses from 531 shoe manufacturers in the United States, the *Boston News Bureau* canvass with respect to the standing of the United Shoe Machinery Co. in the trade is closed.

No comment or criticism has been withheld except as unnecessary duplication was eliminated.

The canvass would not be complete, however, without the publication of a letter received from A. G. Spalding & Bros., of New York. The name of Spalding in sport—especially from Spalding's base ball rules—is as well known as is the name United in shoe manufacturing. This firm is not in the trade list of shoe manufacturing concerns, but as makers of athletic shoes they are users of United Shoe machines.

They write:

"Our attention has been called to your effort to secure from the manufacturers of shoes their opinion of the United Shoe Machinery Co., and we are desirous of expressing to you our opinion of our relations with said company, and in answering your questions we desire to state:

"First—That we have had business relations with the United Shoe Machinery Co. since the organization of that company.

"Second—Our relations with them have been uniformly satisfactory to us.

"Third—It is our opinion that the United Shoe Machinery Co. have benefited the manufacturers of shoes, especially the small manufacturer.

"Fourth—We are of the opinion that we could not have obtained equal benefit in the manufacture of shoes if the shoe machinery business had been less concentrated.

"Fifth—In our opinion the United Shoe Machinery Co. have made it possible to lower the cost of manufacturing shoes with consequent saving to the consumer.

"Sixth—We do not believe that an equal saving could have been made with the Shoe Machinery business less concentrated.

"Seventh—We agree with President Winslow, that the machinery in the manufacture of shoes is the only item that is lower today than in 1899, for the materials used in the manufacture of shoes, with this exception, have increased in cost.

"Eighth—The concentration of the Shoe Machinery business in the United Shoe Machinery Co., we believe to be responsible for the saving made in the use of machinery in the manufacture of shoes.

"Ninth—We do not object to the royalty basis of leasing machines from the United Shoe Machinery Co.

"Tenth—We do not think the royalties unreasonable, considering the quality of service rendered.

"Eleventh—We believe that the cost, per pair, of the shoes manufactured would be increased if we were obliged to buy our machines outright.

"Twelfth—We are unable to answer the question as regards the return on capital invested of the United Shoe Machinery Co. as compared to the manufacture of shoes.

"Thirteenth—We believe that the United Shoe Machinery Co. has encouraged the invention of new machinery in order to perfect the efficiency of their machines.

"Fourteenth—We believe the disintegration of the company would be followed by increased cost of operation.

"In addition to answering these questions, we desire to state that from the very beginning the United Shoe Machinery Co. have shown every disposition to assist us in the operation of their machines, have given us the benefit of every improvement as soon as it is developed, and has kept the machines in proper working order far better than we would have done, if we had owned the machines outright. As we manufacture shoes for a special purpose, and confine our manufacture almost entirely to athletic shoes, we consider that the benefits we receive from the United Shoe Machinery Co. have enabled us to compete successfully with the larger manufacturers of shoes. If the business was less concentrated, it would enable the larger manufacturer of shoes to secure for themselves special machinery which the small manufacturer could not duplicate, except at a prohibitive cost, and thus it would place the smaller manufacturer at a disadvantage in the manufacture of shoes. It is our belief that if we had been obliged to purchase these machines that they furnish us on lease, that the cost of the machines would have necessitated the use of an amount of capital which, if we figured interest on same at the rate of 6%, and not counting upkeep, would have equalled the amount of royalty that we have paid, and we would not have had the benefit of the extraordinary service that they render us at all times.

"In conclusion we desire to state that their business methods will compare favorably with that of any line of business that we are familiar with, and we consider the attack that has been made upon them is unjust, and does not represent the desire of those who are most interested, *viz.*: the shoe manufacturers of the country.

(Signed) A. G. Spalding & Bros.
Per J. W. Spalding,
Vice-President."

A Misplaced Letter

Boston News Bureau, Dec. 6, 1911

Boston—The manager and secretary of the *Boston News Bureau* have looked over the correspondence received in connection with its canvass concerning the standing of the United Shoe Machinery Co. with the shoe manufacturers and find one letter which was omitted from publication. This was misplaced in the file of confidential letters. We therefore publish it in full in closing the canvass today.

The Estabrook-Anderson Shoe Co., of Nashua, N. H., wrote:

"We are pleased to answer your questions submitted in a recent communication, pertaining to our dealings with the United Shoe Machinery Company.

"First. We have done business with the United Shoe Machinery Co. since its organization, and previous to its organization we did business for twenty years with the various companies forming the consolidation.

"Second. Our relations with them have been most satisfactory.

"Third. The company's method of doing business is the highest development of co-operation between two branches of the same business; that is, take the production of shoes as a business, and the building of shoe machinery as a business. And our interests are closer than they are in any other two branches of any other given business. Their method of putting out machines is such that they are not interested in merely placing machines in a man's factory, but are directly interested in his being able to use the machines successfully and in his making a success of his business.

"Fourth. Under the present method, with one company interested in maintaining the continuity of operation in the factory, the operatives working by the piece are enabled to earn very much better wages because they lose a great deal less time, and the manufacturer can produce more shoes in a given space or given time than would be possible with a business less extensive. This is what the manufacturer sees that he did not have before one concern interested itself in a whole series of machines. Where before, service would be weak in some departments and good in others, now it is good all through, and the product is much larger per machine, and continuity of operation is maintained very much better.

"Fifth. It is inevitable that if this is the relation between the United Shoe Machinery Co. and the manufacturer of shoes, the consumer is bound to derive the full benefit of that co-operation. For example: take the cotton or woolen industries of this country—if the mills were in a position to ignore the expense necessarily involved in keeping the machines of their factory plant up to the highest point of efficiency, there would be very few unsuccessful mills. In the shoe business, the small and medium manufacturers, and in fact, none but the very largest, could possibly employ under any other system, nor have at their command under any other system, the services of the experts to keep the machines in their factories in order. Wherever they obtained them the expense entailed would be

absolutely prohibitive. Take a small manufacturer making five or six hundred pairs of shoes per day; how could he secure the services of the kind of men now furnished him by the company? It would be prohibitive as to cost. The United Shoe Machinery Company's method of doing business furnishes every manufacturer in the country with the highest type of men skilled in the art of keeping machines that they have in their factory in efficient and the best working order. Is there any other manufacturing business where even the big men—certainly not the small—have at their command the experts who thoroughly know the business? There is none.

"Sixth. We believe it would have been impossible for us to have obtained the service and the many advantages that we have, with the shoe machinery business less concentrated.

"Seventh. We believe President Winslow is absolutely correct in his statement that machinery is the only item of cost in the manufacture of shoes which is lower today than before the formation of the company.

"Eighth. And the company is certainly responsible for the above fact.

"Ninth & Tenth. We do not object to the royalty basis, neither do we feel that the royalty is unreasonable when the service rendered is taken into consideration.

"Eleventh. If we were obliged to buy outright all of the machines that are used in the factory, and not have the benefit of the company's expert machinists, the manufacturing cost would, we believe, be very much higher than under present conditions.

"Twelfth. If the reported statements of some of the large shoe manufacturers can be relied upon, we doubt very much if the United Shoe Machinery Co. have earned as much on their capital invested as the certain manufacturers referred to have realized; and these same manufacturers appear to be the only customers of the United Shoe Machinery Co. who are in any way dissatisfied with their present treatment. Had it not been for the United Shoe Machinery Co., we doubt if they would have been able to make the success that their reports indicate.

"Thirteenth. We do not believe that the United Shoe Machinery Co. has discouraged the invention of new machinery, but on the other hand, that they have encouraged it very much, having shown what can be accomplished with machines having merit.

"Fourteenth. We believe that the disintegration of the company would be followed by increased cost of operation, and that the price of shoes at retail would necessarily be raised, and we should regret exceedingly to have this take place.

Respectfully yours,
Estabrook-Anderson Shoe Co.
(Signed) F. E. Anderson, Pres."

Close of the Canvass—Tabulated Results—Still a Revelation of Manufacturers' Good-Will

Boston News Bureau, Dec. 6, 1911

In closing the *Boston News Bureau's* canvass among the shoe manufacturers of the United States, to ascertain the investment position of United Shoe Machinery shares as expressed in "good will" or ill will among their customers, only a few remarks are called for.

A circular inviting responses to fourteen questions was sent out the latter part of October to all shoe manufacturers in the trade list numbering about 1200.

The responses from all over the country were so astonishing and the flood of letters received showed such an untapped reservoir of "good will" and indeed of individual gratitude toward the United Shoe Machinery Co., as to be almost unbelievable. Particularly was this true of small manufacturers who in many cases stated that were it not for the United Shoe Machinery Co. they would not be in business because so much capital would have to be tied up in the purchase of machines. Similarly, many manufacturers who are now doing a large business stated that they had grown to their present position because of the assistance received from United Shoe Machinery Co. in their early days.

We published on November 10 a summary of the 268 replies received to that date, after eliminating 26 who did not care to answer, four who had gone out of business and 17 who do not use United Shoe Machines—a total of 315.

The interesting problem was as to what extent a second circular to the trade would change the results as compared with the responses first received. It would naturally be expected that the more appreciative manufacturers would respond first, but again comes the surprise that the exhibit from 531 is not substantially different from that of the first 315 replies.

That this may be made clear, we are printing in italics the figures of the first returns, just above the final figures in plain type.

Of the 531 replies from manufacturers all over the country, 65 did not care to answer the questions, 47 do not use United Shoe machines, and 5 have gone out of business. This left 414 manufacturers whose views are summarized below in percentage figures.

Question No. 1 was "How long have you had business relations with the United Shoe Machinery Co.?" Average of the answers was about 10 years.

Answers to the remaining questions were as follows:

	% Yes	% No	% Blank	% Doubtful
2. Have your relations with them	*90.6	2.6	.3	6.3
been satisfactory to you?.....	91.6	3.1	.3	5.

*Italic figures are results from first canvass. Roman figures in second lines represent the total returns.

	% Yes	% No	% Blank	% Doubtful
3. In your opinion, has United Shoe Mach. Co. benefited the manufacturer?	*85.8*	*5.2*	*6.7*	*2.2*
	86.2	5.	6.2	2.6
4. If so, are you of opinion that equal benefit could have been had with the shoe machinery business less concentrated?	*10.*	*71.9*	*13.*	*4.8*
	12.	67.9	15.7	4.3
5. In your opinion has United Shoe Mach. Co. made it possible to lower cost of manufacturing shoes with consequent saving to consumer?	*73.9*	*10.8*	*10.8*	*4.5*
	70.9	12.3	12.5	4.1
6. If so, are you of opinion that equal saving could have been made with the shoe machinery business less concentrated?	*11.6*	*60.8*	*24.6*	*3.*
	13.5	57.1	25.5	3.7
7. Do you agree with Pres. Winslow that machinery is only item of cost in manufacture of shoes which is lower today than in 1899, when United Shoe Mach. Co. was formed?	*68.2*	*8.2*	*22.*	*1.5*
	63.6	9.4	26.	1.
8. If so, do you think United Shoe Mach. Co. is responsible?	*50.3*	*10.4*	*35.4*	*3.7*
	49.2	9.2	37.8	3.6
9. Do you object to royalty basis of leasing machines from United Shoe Mach. Co.?	*11.2*	*81.7*	*3.7*	*3.3*
	11.6	80.	5.5	2.9
10. Do you think royalties charged are unreasonable, considering quality of service rendered?	*12.3*	*78.*	*5.2*	*4.5*
	11.1	76.	8.	4.9
11. If you bought all your machines outright, do you think cost per pair of shoes manufactured would be more than under present conditions?	*60.8*	*13.8*	*11.9*	*13.4*
	57.	18.1	15.3	9.6
12. Do you agree with Pres. Winslow that United Shoe Mach. Co. return on its capital invested is not as large proportionately as return received by successful manufacturers of shoes?	*22.*	*19.*	*53.*	*5.9*
	18.6	20.	56.6	4.6

	% Yes	% No	% Blank	% Doubtful
13. Do you think that United Shoe Mach. Co. has discouraged invention of new machinery in order that its own machines might	*15.3*	*50.3*	*29.9*	*4.1*
not be superseded?.....	16.9	47.5	30.8	4.6
14. Do you believe disintegration of the company would be followed by increased cost of operation, and would therefore mean that price of shoes at retail would	*58.9*	*16.8*	*19.4*	*4.8*
have to be raised?.....	56.4	16.6	22.4	4.6

The above figures should be studied to be appreciated. They show an increase in the percentage of satisfactory relations between the United Shoe Machinery Co. and its customers, and indicate that nine-tenths of the shoe manufacturers of the United States are satisfied with their relations with the United Shoe Machinery Co. Only 11% objected to the royalty basis and a majority of the manufacturers evidently believe that disintegration of the United Co. would increase the retail price of shoes.

No manufacturer was visited personally by any representative of the *Boston News Bureau*, nor has any communication been had with any except that incidentally a Lynn manufacturer, met on the train, said that he had not had time to answer the questions, but that he would never have been in business but for the United Shoe Machinery Co. whose treatment of him had always been first-class.

Since the close of the canvass five additional replies have been received, all of which expressed satisfactory relations with the United Shoe Machinery Co.

The one desire of the *Boston News Bureau* was to keep this canvass absolutely independent, and, so far as heard, no one in the interest of the United Shoe Machinery Co., and none of their alleged antagonists, made endeavor to influence the responses.

POPULAR ILLUSIONS

WHY MR. PLANT SOLD OUT TO THE UNITED SHOE MACHINERY CO.

Boston News Bureau, Oct. 9, 1911

THERE are many popular illusions concerning the United Shoe Machinery Co. It is proverbial that the shoemaker sticks to his last, and the Beverly shoe machinery men still stick to their lasting machines and have nowhere in their outfit of 300 different machines such a thing as a talking apparatus.

President Winslow could not get thirty cents an evening as a popular entertainer and few people would pay him a nickel to hear him attempt to dispute the following popular propositions:

1st. That the cost of shoes can be reduced by freeing shoe machinery from monopoly.

2nd. That it is outrageous that machines whose factory cost may be $300 collect $1200 per annum royalty.

3rd. That Mr. Plant was about to free the New England shoe manufacturing business from monopoly when the Shoe Machinery people pushed him off the financial bench and forced him to sell out to them his improved machinery, thus cementing their monopoly and gigantic profits.

If Mr. Winslow can't or won't talk, the *Boston News Bureau* can and will.

The United States government has been investigating the shoe machinery business and its officials are ready to declare that there is here a monopoly in violation of the Sherman anti-trust law. That issue the government and the indicted shoe machinery officials are thoroughly competent to thresh out.

The *Boston News Bureau* has also been investigating the shoe machinery business from the standpoint of economics.

The government officials had some objection to public discussion of the merits of the Shoe Machinery Co. while the Grand Jury was in session. Now there can be no objection to the discussion of the Shoe Machinery Co. as respects its usefulness and its profits.

The public understood a few months ago from public advertisements that Thomas G. Plant was about to ask the support of the shoe wearing and shoe manufacturing people of this country, in an effort to lift from their necks the burden of the United Shoe Machinery monopolistic leases.

Mr. Plant had spent some millions over a series of years in devising a system of shoe making machinery which he proposed to sell outright.

Suddenly the unbelievable announcement was made by the *Boston News Bureau* that the United Shoe Machinery Co. had purchased from Mr. Plant all his shoe machinery inventions, together with his shoe manufacturing interest. Some thought that this announcement was premature and efforts have since been made to dispute its correctness, but the statement was not made until after a check for $500,000 to bind the bargain had passed from the Shoe Machinery Co. to Mr. Plant's lawyer.

Now it may be told for the first timewhy and how the sale was made. Mr. Plant is one of the most energetic and enterprising shoe manufacturers that New England has ever developed. He worked his way steadily up from the bottom of the ladder until he was doing a gross business of $7,000,000 per annum and (using United Shoe Machinery Co. machines) making a profit on his gross business of $700,000 per annum. No man can make such business achievement without something of individuality and independence in his composition.

Mr. Plant had two contests in his career—one with the labor unions in which he won out and one with the United Shoe Machinery people, in which he likewise won out to the extent that he was able to give his factory an equipment independent of the United Shoe Machinery Co. In his new and expensive plant at Jamaica Plain, he pretty nearly demonstrated that the United Shoe Machinery Co. did not have a monopoly. In his inventive work he had to create 72 distinct machines, and some patent lawyers say that not more than a dozen serious cases of infringement could be alleged against him.

Most of the basal patents of the United Shoe Machinery Co. have expired. It should be noted that the invention of shoe machinery started in this country in 1854, received its great impetus from the McKay sewing machine in 1862 and that the United Shoe Machinery Co. was formed 12 years ago or in 1899.

Therefore, long ago the great and historic patents in the shoe machinery business expired and most of the patents and inventions which came into possession of the United Shoe Machinery Co. at its organization are now free.

Mr. Plant started at work on the basis of these expired patents but soon learned that shoe machinery was a matter of progress and development. He threw away all his first designs, and started over again in the race for improved machinery, or he could never have sold his inventions to the United Co.

After demonstrating that he could work his system of machines, in his own factory, he proceeded to manufacture these machines for sale to other shoe manufacturers. This was a stupendous task and we hazard nothing and reflect in no wise upon Mr. Plant's ability when we declare that the

fulfilment of such a plan was an impossibility without the co-operation or aggregation of very large capital.

Mr. Plant himself soon realized this situation and that he had but two customers for his inventions,—one a combination of shoe manufacturers, or the combination known as the Shoe Machinery Co. He started conferences with both.

He was the owner of 60% of his shoe manufacturing business and the sole owner individually—not through corporate organization—of his shoe machinery inventions, the manufacture of which he had started at various factories on his individual account. His shoe company had over $3,000,000 of assets and as a going concern earning $700,000 net per annum was worth much more than $3,000,000. Into his shoe machinery enterprise he had put nearly $3,500,000 in cash. It would need many millions more to bring it to fruition.

Mr. Plant asked Mr. Charles H. Jones to put in the Plant machines. Mr. Jones's partner, who was the practical man of the business, would not have them. Mr. Plant made very strong overtures to the leading manufacturers of New England, including Mr. McElwain, who made a proposal to install a few of Mr. Plant's machines experimentally. Mr. Plant responded that he could not do business profitably on that basis, and that he must put in his entire series of machines and displace the United Shoe Machinery Co. machines as a whole. Otherwise there was no profit in the business.

Mr. Plant also asked Mr. H. B. Endicott, the largest manufacturer of men's heavy-weight shoes in the United States, to install these machines on very favorable terms. Mr. Endicott believed that Mr. Plant's machines had value but he believed they were better adapted to the light-weight shoes that Plant manufactured than to the heavy-weights that Endicott manufactured. He was willing to listen to him but he was not then ready to put in Mr. Plant's machines.

The St. Louis and Chicago people had been the manufacturers most anxious for special rates from the United Shoe Machinery Co., but their applications had been refused as had the applications of every other manufacturer for special rates.

Mr. Endicott believed that the Plant machines had value for the New England shoe manufacturer and that the proper party to purchase and develop them for the good of the trade was the United Shoe Machinery Co. The practical manufacturers on the Shoe Machinery board refused to value Mr. Plant's inventions. Then Mr. Endicott stepped forward and said to President Winslow: "Here is something which ought to be done for the good of everybody and if you haven't anybody willing to assume the responsibility, I am willing to take a hand in it." Therefore Mr. Endicott entered the board of the Shoe Machinery Co. and attempted a settlement from that standpoint.

Meanwhile, as Mr. Plant had previously offered Mr. Endicott a very

large commission to effect a sale of his inventions, Mr. Endicott called upon Mr. Plant and told him that he was going to work upon the other side and that what he did in the future would be from the United Shoe Machinery side and without compensation from either interest. Mr. Plant said Mr. Endicott was perfectly square in the matter but that if Mr. Endicott had worked with him, there would have been large money resulting.

The negotiations then were off and on for a time between the representatives of Plant and the representatives of the Shoe Machinery people and Mr. Plant was at the same time asking his shoe manufacturing friends in Chicago and St. Louis on what terms they would join with him for the development of an opposition shoe machinery business.

Details might be wearisome but the facts, never having been before made public, should now be stated.

Mr. Plant considered his own health and fortune and, realizing that to go forward meant labor to the end of his days, determined to sell his inventions. He named his own price, $6,000,000, for all his machinery interest and the 60% in his shoe factory, and there was no division as to which part of the $6,000,000 represented the machinery inventions, although the inventions of Mr. Plant had been fully looked over and valued by the United Shoe Machinery Co.

When finally Mr. Plant named as his rock-bottom figure $6,000,000, President Winslow, on the advice of his fellow directors, made the purchase; and $3,000,000 in cash was paid to Mr. Plant and also $3,000,000 in United Shoe Machinery Co. shares at $50 per share.

At the same time, Mr. Plant had the opportunity of learning how far the St. Louis and Chicago people would join with him in the shoe machinery field. It will be recalled that the St. Louis men were in Boston at the time he sold. They were, however, looking for a bargain, such a bargain as would have given them a financial advantage and have harnessed in Mr. Plant.

Mr. Plant had asked them to buy at cost one-half of his shoe machinery inventions. This did not involve over $1,800,000, but only one shoe manufacturer in St. Louis and one in Chicago responded that he would join with Mr. Plant on the cost basis. Lack of capital could not have been a consideration, for the St. Louis people alone have recently formed a $20,000,000 shoe manufacturing concern and St. Louis and Chicago could certainly have put up $1,750,000 if the shoe machinery field was so attractive to them as has been represented at Washington.

There is reason to believe that it is from St. Louis that the United States government derived its inspiration in its attack upon the United Shoe Machinery Co. of New England; at least the St. Louis papers boast this.

From the above it will be plain that the Shoe Machinery Co. was the only customer left for Mr. Plant's inventions and one has yet to hear that any part of the $6,000,000, which he received for his manufacturing and machin-

ery interests, has been added in any way to the cost of shoes, either with the manufacturer or the wearer.

Whatever benefit there is in the Plant inventions will be thoroughly tried out and the advantages thereof will be offered to the shoe manufacturer.

The *Boston News Bureau* has traced to their sources many rumors and has yet to learn that the Shoe Machinery Co. or its officers or directors put forth a single hand to push Mr. Plant financially. Indeed it was considered advantageous to the Shoe Machinery Co. to insure Mr. Plant's success as an inventor, as a shoe manufacturer and as a financier. Had he been pushed to the wall in either of these fields, there could have been no advantage therefrom to the Shoe Machinery Co.

Talk of gigantic profits—of $300 machines earning $1200 or $2000 per annum royalty—is outrageous falsification. There are only about 1200 shoe manufacturers in the United States. To supply these with improved and improving shoe machinery, some of which may be soon discarded and some of which may be operated for 20 years, is an entirely different task from that of perpetually supplying 90,000,000 people with shoes that must on the average be worn out within the year.

The life and profit of the shoe machinery business consists in its being done as a unit and this is just as advantageous to the public and the manufacturer as it is to the Shoe Machinery Co.

Anybody is free to make a set of machines for manufacturing shoes and such machinery would be manufactured if orders could be secured from a few hundred factories, but because no shoe manufacturer could afford to install machines of past design so no machinery manufacturer could afford to make them or agree to keep them or their parts in stock.

The United Shoe Machinery Co. is the maker of shoe machinery for the manufacturer. It enters into a contract with him to make his machinery and supplies, replace the wearing parts, furnish instruction to operatives, and offers to give him the advantages of improved machinery after new inventions have been demonstrated to be commercial for both shoe makers and machine makers.

To decree that the Shoe Machinery Co. must compete with every blacksmith or machine shop for every piece of machinery except that upon which modern patents have been issued, is an economic absurdity.

The Shoe Machinery Co. supplies a complete outfit and makes contracts covering this complete outfit. It collects its profit from a very few of the 300 machines that it stands ready to supply. A majority of all the kinds of machines which it manufactures are installed in factories upon nominal rentals, largely $10 to $15 per annum. The royalty and the profit covering the whole business is collected from the few most important machines which require skilled maintenance, inventive genius, progressive improvement and are protected so far as possible by United States patents. One machine out of 60 may annually collect six times its factory cost but when

this profit is spread over 60 machines in the factory, it is no abnormal manufacturing profit. It is just as much a falsehood to declare that a $300 machine earns or collects for itself a $1300 per annum royalty in a shoe machinery outfit, as it would be to say that the conductor of a trolley car earned $30 a day or ten times his salary because $30 in fares went into his box.

The Shoe Machinery figures have never, we believe, been popularly put forth except in some absurd form of misrepresentation.

Any one, however, who will turn to the brief report of the Shoe Machinery Co. with its one-page list of officers, its five small pages of reading matter and its two pages of assets and liabilities, may figure therefrom the following facts:

First—That of the operating company's $42,000,000 of assets as of date March 1, last, about $35,000,000 may be required in legitimate business of furnishing and maintaining shoe machinery for the shoe manufacturer.

Second—That the company reports somewhat less than $6,000,000 of net earnings from its entire $42,000,000 of assets.

Third—That if it is allowed that only $35,000,000 of assets are necessary in the shoe machinery business, and that somebody else could operate the company more economically and thereby raise the earnings from $5,700,000 to $7,000,000 and that such earnings were all royalty payments, the company would not then be earning over 20% upon its capital necessary to the shoe machinery business.

Fourth—If, however, there is deducted from the company's net earnings a fair amount for income from outside investments, the remaining net income from all royalties, rentals and replacement business would figure down to $5,000,000 or less. Yet it would have to be $5,300,000 to show 15% earnings upon $35,000,000 of assets.

Investigation by the *Boston News Bureau*, astonishing as it may seem, raises a doubt as to whether the United Shoe Machinery Co. is earning, ever has earned, or ever can earn 20% upon its invested capital. It may sometimes earn 20% on its common share capital, which as of March 1 last was $28,599,000, because of its total capital of $38,000,000, the sum of $9,515,400 is preferred capital with a limited dividend.

These few brief figures show that instead of the United Shoe Machinery Co. having assets earning annually six times their cost, the company's assets earn annually about one-sixth their cost or a fair manufacturing profit of 15% to 16%.

Mr. George Westinghouse, Jr., discussing machinery profits, tells the *Boston News Bureau* that any manufacturing business that does not figure to earn 15% upon its invested capital is not worthy of confidence.

The destruction of the United Shoe Machinery combination would not only be a disadvantage to the manufacturer, increasing his capital investment and his uncertainties, but would increase his cost of operation and

such increased cost of shoes might ultimately fall upon the public as the ultimate consumer.

If the Shoe Machinery Co. were to dissolve or if it were forbidden to lease a complete outfit of shoe machinery, it would naturally abandon the unprofitable part of its business and keep the profitable part.

The economic safety of the whole enterprise for both buyer and seller, lessor and lessee, is in the unit of the business. This may be illustrated from the supply department alone, where there must always be in stock more than 1,000,000 patterns or varying pieces of shoe machinery parts, ready for immediate delivery.

The prospect of reducing the cost of the public's footwear by breaking up either the United Shoe Machinery Corporation, or its combination of machines, or its combination with the shoe manufacturers, may be judged from the fact that there are made in the United States about 260,000,000 pairs of shoes per annum or almost three pairs per capita and that the machinery on which these shoes are bottomed does not earn in rents, royalties and all other forms of income over two cents per pair.

President Winslow of the United Shoe Machinery Co. has declared that the United Shoe Machinery Co. does not collect $2\frac{2}{3}$ cents per pair of shoes from the royalty of its machines and that the highest royalty paid on the most expensive of the Goodyear welt shoes is less than $5\frac{1}{4}$ cents per pair and on the shoes outside the Goodyear welt shoe less than $1\frac{1}{3}$ cents per pair.

The figures that were previously had by the *Boston News Bureau* showed the Goodyear Welt shoe royalty to be an average maximum of 5.1 cents.

At an average royalty of $2\frac{2}{3}$ cents on our 260,000,000 pairs of shoes the total royalty payment in the United States cannot exceed $6,916,000, and such royalty payments must cover the cost of manufacture and maintenance.

Wherein, then, is the success of the United Shoe Machinery Co.? It is simply in this, that, operating under the unit system with the manufacturers, the United Shoe Machinery Co. has used all its efforts to expand the sale of the higher grade or Goodyear Welt shoe and since the formation of the United Shoe Machinery Co., in 1899, it has increased the wear of the Goodyear welt shoe from 17,000,000 pairs per annum to 80,000,000 pairs. In this sense it has uplifted the footwear of the whole country.

ALFRED W. DONOVAN'S VIEWS

THE PRESIDENT OF THE BOSTON BOOT AND SHOE CLUB SPEAKS OF THE UNITED SHOE MACHINERY COMPANY AS AN AID TO SUCCESS IN SHOE MANUFACTURING

MR. ALFRED W. DONOVAN, President of the Boston Boot and Shoe Club and President and Manager of E. T. Wright Company, shoe manufacturers at Rockland, Mass., made an interesting and spirited address on the shoe industry before Valladolid Council, Knights of Columbus, at their annual banquet in Lynn, Mass., on October 26th, 1911.

Mr. Donovan is one of the most progressive and influential men among the shoe manufacturers of the country and his opinions always carry weight in the business world.

In the course of his remarks Mr. Donovan said:

"You have an industry here in Essex county which is the largest of its kind in the world, and I take this opportunity, and I am glad to have it, to voice my sentiments and voice my thanks for the good that the organization has done to me and my own corporation and to my workingmen and women, and that is the United Shoe Machinery Company. That company has given more chances for success to the young Catholic men of Lynn and of America than any other I can name. It is the company that has helped the poor man to start and has kept the rich man in rein; the company that will not give to the rich firm or corporation one iota more than it will give to the tiniest little boy just starting in business; the company that invites one or two or three or more young men to come out into the open and start in business for themselves.

"What are the Knights of Columbus doing in Lynn? They are doing practically nothing to help along new industries. There is material enough here to start twenty-five first-class shoe firms and every one of them should be fourth degree Knights of Columbus. There is material enough here and there is system enough at present to assure financial success, and it is mainly through the efforts of this very company that you will be enabled to do so.

"I want to state this fact, and it is a fact, that if we as shoe manufacturers of Massachusetts were obliged to pay dollar for dollar for the equipment which we have in our mills, you would find the doors closed on a good many of them which are now furnishing a first-class living to thousands of men.

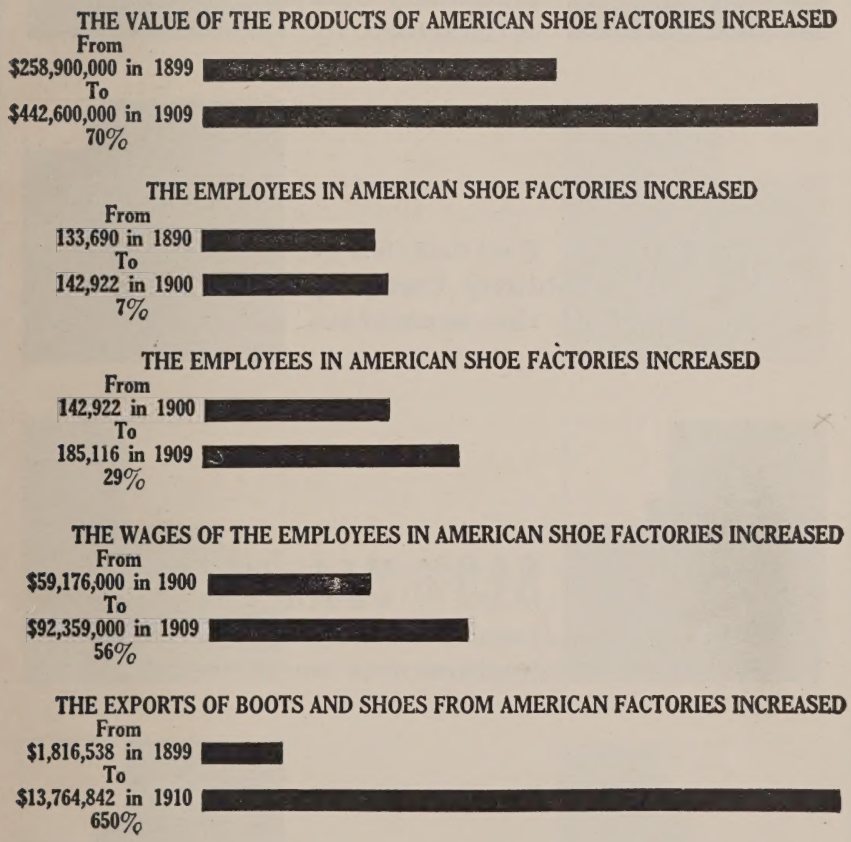
"Why are the manufacturers of the city of Lynn successful? Why are the manufacturers of Brockton, or Rockland and Haverhill, of our entire shoe and leather industry, successful, more so in the last ten years than in the preceding twenty? It is because of two facts chiefly (and I am only telling you my own history): One, that we have a splendid asset in the quality of labor here; the other, that we are blessed with a shoe machinery system which has contributed to our success almost beyond our dreams.

"Every manufacturer who has the United Shoe Machinery Company's system is enabled to forget that he has a lot of machinery in his mill and has an opportunity to give his whole time and attention to the production of his goods, thanks to the service of this company. We can go out into the world from Los Angeles to London, to as far east as you can go, and as far west, and take contracts and bring them home here to Lynn and Massachusetts and say to every customer five or six months in advance, or thirty days in advance, or twenty days in advance, that we will guarantee to make the delivery of these goods. Barring labor trouble, we will guarantee to deliver these goods on the minute, and it is the first ten years in the past three hundred that we have been able to do it.

"It is a pretty good plan for the men who have been befriended to speak well of the man who has befriended him, and it is a mighty poor man who will throw down a man when he has been successful, so the other poor fellow cannot get up to him. And it is a pretty good firm and corporation that will make a big, rich fellow squeal and squirm and make the little fellow clap his hands with joy. I am interested not one cent. I own no stock. I have no interest whatever in this machine industry. I have no interest whatever except in being grateful, and if there is anything in this world that rubs me the wrong way it is to see an ungrateful man."

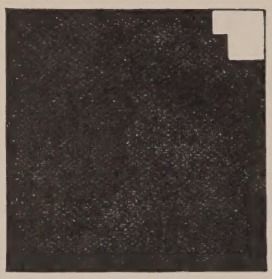
THE SHOE INDUSTRY IN THE UNITED STATES

TWELVE YEARS' GROWTH.

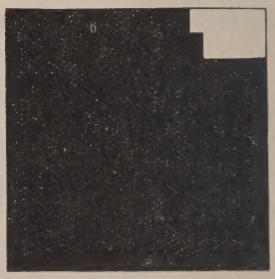


GRAPHICS

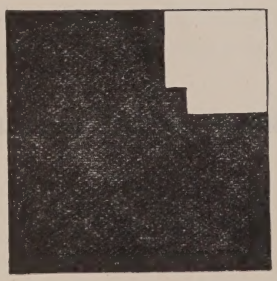
SOME PERCENTAGES FROM PAGE 3 GRAPHICALLY INDICATED



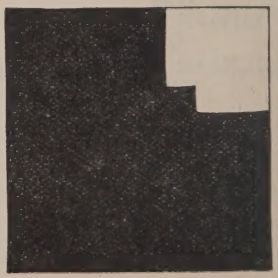
96.7% say their relations with United Shoe Machinery Company have been satisfactory.



94.5% say United Shoe Machinery Company has benefited the manufacturer.



84.9% say equal benefit would not have resulted with shoe machinery business less concentrated.

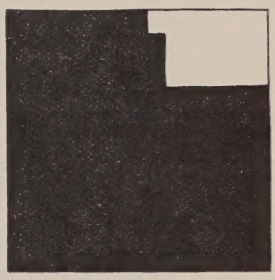


85.2% say United Shoe Machinery Company has lowered cost of manufacture, with saving to consumer.

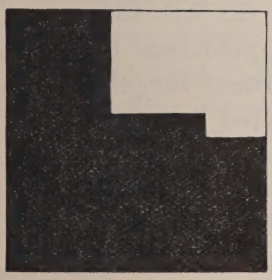
GRAPHICS

SOME PERCENTAGES FROM PAGE 3 GRAPHICALLY INDICATED

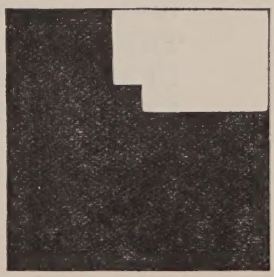
87.1% say machinery is the only item of cost in manufacture lower today than in 1899.



87.3% do not object to royalty basis and say United Shoe Machinery Company charges are not unreasonable.



73.8% say United Shoe Machinery Company has not discouraged invention of new machines.



77.1% say disintegration of United Shoe Machinery Company would result in increased cost of operation, and of shoes at retail.

PERTINENT FACTS

Preventive of Monopoly

JOHN S. KENT, President of the Brockton Shoe Manufacturers' Association, says in a published interview:

"As at present managed, the United Company is entirely fair to the shoe manufacturers of the country. The Company uses all exactly alike and the policy pursued IS A DIRECT PREVENTIVE OF MONOPOLY IN SHOE MANUFACTURING and is an encouragement to the small manufacturer to go into business.

"It seems to me that opposition to the machinery company comes largely from parties who are disgruntled for personal reasons. The few who start the opposition movement are men, as a rule, who have been turned down by the Company on some inside agreement which they desire in order to give them an advantage over their rivals. And BECAUSE THE COMPANY TREATS EVERY MANUFACTURER, LARGE AND SMALL, EXACTLY ALIKE THEY OPPOSE IT."

[From Superintendent and Foreman, Aug. 9, 1911]

Common Sense!

THE REVENUE of a shoe machinery company operating under the Royalty System depends upon the number of good shoes made with the aid of its machines.

IT IS OBVIOUSLY TO ITS INTEREST that as many good shoes as possible shall be manufactured, and that they shall be sold at such reasonable prices as to stimulate the demand for more.

To help bring this about it is plainly necessary that its machines shall be kept at the very highest point of efficiency and that its rates of royalty shall be kept at the very lowest point which business prudence will permit.

ARE NOT THESE SUFFICIENT REASONS WHY THE UNITED SHOE MACHINERY COMPANY FINDS IT TO BE SOUND BUSINESS POLICY TO SUPPLY THE SHOE MANUFACTURERS WHO PATRONIZE IT WITH THE MOST IMPROVED MACHINES AND THE MOST EFFICIENT SERVICE ON THE MOST FAVORABLE TERMS?

The Company cannot hope to succeed unless those who use its machines are successful.

MORE than three hundred different kinds of machines are made by the United Shoe Machinery Company.

Some of them are leased to shoe manufacturers; many of them are sold outright; most of them can be either bought or leased, as the shoe manufacturer may prefer.

Most shoe manufacturers had rather lease than buy.

Stifling Invention?

THE United Shoe Machinery Company has spent all the way from $250,000 to $750,000 in experiment and development of new machines every year since it was formed.

IT HAS MADE WORKABLE OVER ONE HUNDRED DIFFERENT NEW MACHINES, some of which perform operations formerly performed by hand and all of which are far better than those formerly in use. Taken in connection with reduction in royalties, shoe manufacturers by their use effect a saving of nearly 9 cents in the cost of making a pair of Goodyear Welt Shoes, or nearly double the royalty now paid.

A GREATER NUMBER OF PRACTICAL PATENTS IN SHOE MACHINERY HAVE BEEN MADE EFFECTIVE IN THE PAST TWELVE YEARS THAN IN ANY OTHER PERIOD OF EQUAL LENGTH SINCE SHOEMAKING BEGAN.

One machine alone cost the Company years of time and over $1,000,000 in money before it would work. It would not be in the shoe factories of Massachusetts today if it had been left to an individual inventor to make it go.

Machinery Costs

BEFORE beginning to manufacture shoes any one who wished to equip the Bottoming Room in a factory with machines like those supplied by the United Shoe Machinery Company for making three hundred pairs of Goodyear Welt Shoes a day would have been obliged in 1899 to pay $4893. To equip a factory with the same machines in 1911, he pays the United Shoe Machinery Company only $250.

The United Shoe Machinery Company, by steadily reducing the machinery costs of making shoes, improving the machines on which shoes are manufactured, placing them in factories on reasonable terms and giving manufacturers an efficient service, has made it possible for the masses of the people to wear better shoes today than ever before at a smaller relative expense.

The reduction in cost of production per pair of Men's Goodyear Welt Shoes resulting from the saving made by new and improved machines and lower royalties is nearly 9 cents, or nearly double the royalty now paid.

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Royalties and Rentals

IT has been asserted repeatedly that a shoe manufacturer cannot obtain any of the machines of the United Shoe Machinery Company without agreeing to take all his machines from the Company. This assertion is not true and it never was true. In the case of only a few machines is the use of one dependent upon the use of any other. The use of most of the machines thus tied is given to a lessee without the payment of any royalty whatever, in order to enable him to produce the largest possible quantity of the shoes he makes and bring them to the highest point of perfection. On some of these machines a nominal annual rental is charged, ranging from $5 to $35, insufficient to reimburse the Company for the depreciation of its machines.

The only items of cost in the making of a shoe which are lower today than in 1899, when the United Shoe Machinery Company was formed, are the machinery and service which that Company provides.

A Goodyear Welt Shoe contains more value for the money than any other article of daily use you buy.

Machinery Abroad

THERE is no truth in the statement that European shoe manufacturers get the machines of the United Shoe Machinery Company on better terms than American manufacturers can get them. The average royalty per pair of shoes of the same quality has never been lower in Europe than in the United States. There is no appreciable difference between the leases which European and American manufacturers sign; yet the United Shoe Machinery Company, pursuing abroad the same business methods as at home, has done a greatly increasing business in open competition with the so-called free machinery which its critics here profess to favor. European manufacturers are constantly replacing their free machinery with machinery obtained from the United Shoe Machinery Company under lease conditions, because, like American manufacturers, they know they can thus get better machines, better service and better terms than in any other way.

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